

BEARINGS FROM POLAND

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## MARKETS SUMMARY

### BUSINESS

#### Jack Gilts firm but equities ends down 4.1

GILTS were firm with gains extending to 2 in Jones and short-dated issues rallied early falls. The FT Government Securities Index hardened 0.04 to 78.40.

EQUITIES were cautious. The FT 30-Share Index closed 4.1 lower at 515.4.

STERLING touched its highest level against the dollar for more than a year at \$1.7454, but after support for the dollar it closed at \$1.7459, a rise of 5 points on the day. Its trade-weighted index was 62.6 (62.3). The dollar's trade-weighted depreciation was 0.82 (0.69).

GOLD lost 75 cents to \$153.125.

WALL STREET closed 5.37 higher at 840.09.

WORLD SUGAR values fell to their lowest levels for four years yesterday with the London daily price 22 down at 298 a tonne. But after the market

closed it was announced in Geneva that there has been a breakthrough in talks for a new international sugar agreement.

U.S. MONEY supply: M1 \$330.45bn.; M2 \$793bn. Commercial and industrial loans down \$191m. (up \$255m. in 1976). 119-day paper 6.25 (6.17).

England yesterday signed a 10-year agreement to supply oil to the market that it wanted no longer to be short-term interest rate, present and in particular, a reduction in minimum rate to-day from its 12 per cent.

REDFATH Dorman Long is to receive a £70m. North Sea oil platform contract from Texaco with British Petroleum's Entreprix of France. Page 8

BRITISH Insulated Callender's is to take over Dorman Smith Holdings for an agreed £18m. Back Page

REDDY Mixed Concrete's pre-tax profit for the half year to June 30, £12,022m. £10,007m.). Page 30 and Lex

GEORGE WIMPEY increased its pre-tax profit for the half year to June 30, from £16m. to £17.5m. Page 3 and Lex

BRITISH Leyland received a £20m. tranche of long-term finance from the National Enterprise Board yesterday, but terms which question yet the company's ability to meet its ambitious investment programme. Back Page

DEPARTMENT of Trade has announced in a U.S.-trust agreement to protect the continuity of Shell and British Petroleum's oil operations. The U.S. wants evidence of the company's purchase and production of oil in the Middle East since 1968. Page 10

Spanish Cabinet has approved the General Law for the first time in a first autonomous region. The law will affect the Basque Country. Page 5

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## U.S. warns Japan that protectionist calls may grow

BY DAVID BELL IN WASHINGTON

Existing protectionist pressures will be greatly exacerbated — and "justifiably so" — if Japan does not soon succeed in sharply reducing its trade surplus, Mr. Michael Blumenthal, the U.S. Treasury Secretary, said yesterday.

Mr. Blumenthal, in the strongest public statement on the subject yet made by the Administration, also called comments made by other Finance Ministers at this week's meeting of the International Monetary Fund.

Japan and, to a lesser extent, Germany have been privately and publicly criticised for not moving quickly or effectively enough to stimulate domestic demand.

The Treasury Secretary said that he was not "questioning the intent or the goodwill" of the Japanese Government. But he said that the issue is results.

Last year the Japanese had promised that in 1977 they would run a deficit of about \$1bn. in their current account. In fact they would end this year with a current account surplus of \$8.0bn. at a trade surplus of about \$1bn.

Such a huge surplus he said "makes the international adjustment process that much more difficult". A similar criticism was voiced at Wednesday's meeting of Working Party Three of the Organisation for Economic Co-operation and Development.

The tone of this meeting was reported here as being sharply critical of the Japanese, although no "threats" of any sort were made. It was apparently pointed

out by more than one speaker that Japanese imports actually fell during the first half of this year and Japanese assurances that exports may have begun to

suggestion of any kind of concerted action to "isolate" Japan. It is felt that the greater the U.S. pressure, the more likely the Japanese may be moved to adjust their policies.

The Administration's concern has been further stimulated this week by the actions of two companies, both of which have blamed the competition from Japan for their moves.

In the first case, which has caused an outcry in Congress, Youngstown Sheet and Tube has summarily closed one of its Ohio plants with the loss of 5,000 jobs.

In the other Zenith Corporation, which has led the fight against "unfair" Japanese competition, has announced that it is to import many more of its components from overseas and lay off a substantial part of its workforce.

President Carter has been warning for some time that it will be next to impossible to contain the protectionist pressures that actions of this kind unleash unless the world can reach new agreement on international trade problems.

The Americans now believe that unless Japan shows real signs of "self-restraint" Continued on Back Page

## Indicators give Carter boost

The U.S. index of leading economic indicators rose by a healthy 0.8 per cent, last month, the Commerce Department announced in Washington yesterday.

This is providing the Carter Administration with temporary relief from public fears, that economic growth had slowed.

The Department also said that the July figure for the index was 102 per cent, up from 101.2 per cent, as estimated originally. Back Page

decline were greeted with polite scepticism.

Britain, along with several other industrialised nations, has been a little surprised — and discreetly pleased — to see how U.S. anxiety about the Japanese has intensified in the past few months.

Although there has been no

## Datsun, Toyota plan end to curbs

By Terry Dodsworth, Motor Industry Correspondent

BOTH DATSUN and Toyota, the two leading Japanese car importers in Britain, have begun preparing the ground for a return to unrestricted selling in the U.K. after a two-year period of voluntary restraint.

The immediate spur to this shift in policy is the recent call by the Datsun dealer network in Britain for "an immediate return to the normal free trading enjoyed by every other franchise."

This led to a statement from the Datsun importing organisation yesterday saying that it is convening a meeting with the dealers to reconsider its policy.

Pressure for a change in policy, however, has been building up among the Japanese importers since the meeting in Tokyo earlier this month between representatives of the British and Japanese motor industries.

A series of such meetings has been held in the last two years and have produced an "effective understanding on import limits. But in the view of the British importers, the joint communiqué issued after the last round of talks allowed them sufficient flexibility to start exporting more rapidly once again.

The key question now is how far the U.K. import companies can carry the Japanese manufacturing organisations with them.

Some executives in the British motor industry believe that the Japanese producers will not want to stiffen U.K. manufacturers' demands for greater protection by seeking a sudden expansion. This view is also shared by the British Government which is in constant touch with officials in Tokyo.

But the top management of both the Datsun and Toyota import organisations have been striving hard during the past few days that they will be able to get sufficient cars to improve on the present rate of sales.

To a certain extent, the suggested expansion has already begun. The Datsun importing franchise, has, for example, already sold 60,000 cars, which is 10,000 more than last year, while the Japanese importers as a whole registered 100,000 vehicles in the first eight months against 88,000 in 1976.

If the importers are to keep in line with the figures they achieved for the whole of last year — and the recent estimate from Tokyo talked of no "significant" rise — the importers will clearly have to damp down their sales during the rest of the year.

Japan overseas car sales slip. Page 7

## Lonrho signs £41m. deal for House of Fraser stake

BY KEITH LEWIS

Lonrho, the international trading company headed by Mr. R. W. "Tiny" Rowland, signed a £41.2m. deal last night which gives it a 19.38 per cent stake in the House of Fraser stores group.

A block of 23,550,000 shares has been sold to Lonrho by Carter Hawley Hale, the American stores group which originally bought its holding in House of Fraser in 1974 for a price of \$67.7m.

The terms of the disposal take CHH out at an equivalent price of 572.4m. In addition, it has received sterling dividends over the period equivalent to a further \$5.8m.

In sterling terms, the deal values each House of Fraser share at 175p against a market price last night of 153p.

After the transaction, CHH will retain a holding of 1,414,000 House of Fraser shares which amounts to only 1.16 per cent of the equity.

These shares have not been included in the deal because of the fear that the City Take-Over Panel may insist that Lonrho makes a full bid on the grounds that it controls a further 10.3 per cent of House of Fraser through its 29 per cent holding in Scottish and Universal Invest-

ment Trust ("Suits"). Under the rules, any party holding directly or having control of 30 per cent or more of a company has to make an offer for the remainder.

Even though House of Fraser itself has performed well, CHH has had to contend with the falling value of sterling against the dollar over the period.

Sir George Bolton, non-executive deputy chairman of Lonrho, explained last night that the purchase represented a tidying up of the group's U.K. assets.

These could now be clearly divided into two basic sections: specialist steels through its Dunford and Elliot and Firststeel subsidiaries; and textiles and stoves through Brentford Nylons, Board, "Suits" and now House of Fraser which owns Harrods, D. H. Evans, and Dickins and Jones.

Lonrho recently sold its stake in Combined English Stores to a Dutch group.

Lonrho's statement stresses that Lonrho has no present intention of increasing its House of Fraser holding which it describes as an investment.

Sir George Bolton, added, however, that at some stage it was likely that Lonrho would seek Board re-election.

The chairman of House of Fraser is Sir Hugh Fraser who gave up his position as head of "Suits" to Mr. Rowland earlier this year. Lex Back Page

## Insider dealings ban in Bill

BY MARGARET REID

PROVISIONS for making insider trading a criminal offence are the centrepiece of detailed proposals for the reform of company law which are now taking shape and are likely to be introduced in the next session of Parliament.

Insider trading is the use by people such as company directors and advisers, of confidential information to deal in shares for their own profit.

The Companies Bill now being prepared is also expected to provide for new light to be thrown on loans by companies to their directors, and to contain a new definition of directors' responsibilities to their companies. It is also likely to give Mr. Edmund Dell, the Trade Secretary, power to lay down, subject to Parliamentary control, what should be contained in companies' reports.

There will be provision bringing Britain into line with a Common Market directive by requiring that the names of public companies (which will have to have £50,000 capital) should end with a special designation, such as p.l.c. (public limited company).

This planned next instalment of company law reform now appears likely to proceed ahead of whatever legislative follow-up the Government may decide on over the controversial Bullock Report proposals for worker directors in companies. In fact, priority for the Company Bill now proposed is

logical, as well as politically convenient, since clarification of the duties of directors in the way now envisaged should precede post-Bullock changes.

It also appears that the Bill now in preparation — the inclusion of which in the 1977-78 legislative programme has yet to be finally agreed on — will increase the penalties for offences under Section 54 of the Companies Act 1954.

This is the section which generally prohibits companies from financing purchases of their own shares and which now provides for a maximum fine of £100. Section 54 was the provision under which Mr. Jim Slater, the financier, faced 15 summonses, in April, 1979, when he was cleared by the Guildhall magistrates earlier this year. The Department of Trade is appealing against the magistrates' decision. One point on the content of the new legislation which is still undecided is whether it should provide for an appeals procedure for anybody seriously criticised in the report of Trade Department inspectors investigating a company under Section 165 of the Companies Act.

There has been support for the idea of an appeal system from a number of parties including the Law Society and Lord Shawcross, chairman of the City Take-over Panel. The drafting of provisions making insider trading an offence has long been recog-

## Concorde wins go-ahead to New York

BY JOHN WYLES IN NEW YORK AND JOHN LLOYD IN LONDON

A FEDERAL Court of Appeals decision yesterday ordered that all aircraft in New York yesterday ordered are afforded an equal opportunity to lift its ban on landings of the Anglo-French Concorde at Kennedy Airport.

The judgment marks the end of a good week for Concorde, beginning last Friday with President Carter's approval for the extension of Concorde's flights to up to 13 other U.S. cities, providing the local authorities are willing to accept the aircraft.

Local residents living near Kennedy Airport yesterday indicated that they would continue their fight against the aircraft. They said that they would appeal to the Supreme Court against the decision.

The Port Authority has so far found it impossible to produce a non-discriminatory criterion for excluding Concorde.

The existing rule at Kennedy excludes aircraft which emit more than 112 perceived noise decibels, and tests on Concorde have established that the aircraft can consistently meet 109.

In a low-key statement, Mr. Davidson, for British Airways, welcomed the decision and stated BA's immediate intention to begin "proving" flights which are essential before scheduled services begin.

The proving flights will be operated by British Airways and Air France in conjunction with the manufacturers. They will determine ground regulations at Kennedy, where Concorde has not so far landed.

British Airways now has its full complement of five planes. They provide a daily service to Washington, and a weekly one to Bahrain. This gives a daily average usage per aircraft of only one hour — a fraction of the time required if the planes are to show a profit on the \$3-m. they each cost.

Chief Judge Irving Kaufman said the Authority had no intention of resolving the critical noise issue soon, and the court could not countenance such a ban.

Further prohibition on Concorde could not be tolerated "until the Port Authority promulgates a reasonable, non-arbitrary and non-discriminatory policy which each test.

But the top management of both the Datsun and Toyota import organisations have been striving hard during the past few days that they will be able to get sufficient cars to improve on the present rate of sales.

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RISSES YESTERDAY	
Sunley (B.)	180 + 7
Updown Inv.	54 + 12
Morao Tea	410 + 125
Goepke Cons.	285 + 15
Pacific Copper	180 + 30
Saint Piran	88 + 4
Union Crp.	275 + 11
FALLS	
Allied Polymer	55 - 7
Dowty	160 - 7
Seco Minsep	167 - 9
Walker Siddely	158 - 6
Lyds Bank	280 - 4
Inds.	326 - 20
Ston	65 - 8
Gen	506 - 9
Bros.	749 - 11
Org.	128 - 7
1191	

It is announced that as from 29/9/77 an association has been formed between

**Keith Cardale, Groves & Co.**  
Chartered Surveyors  
of: 43, North Audley Street  
Grosvenor Square  
London W1Y 2AQ

and Messrs

**Garrett, White & Poland**  
Chartered Surveyors  
of: 36, St. Andrew's Hill  
London EC4V 5DJ

During the association both firms will retain their respective identity.

£ In New York		
	September 29	Previous
3 month	\$1.7448-7450	\$1.7447-7450
6 month	0.15-0.17	0.15-0.17
12 month	0.25-0.25	0.20-0.21

BY RAY DAF

LOMBARD

Whips in the constituencies

BY RUPERT CORNWELL

ON THE face of it there is something appealing about the Labour Left's idea that MPs should automatically face re-election as candidates for their seats. The creaking Westminster system has critics enough...

Unashamedly

The Left's suggestion, which it will try to push through next week's Labour conference, is unashamedly intended to strengthen the power of local activists...

The problem

All that a rejected Labour MP can do is appeal to his party's National Executive Committee, hardly a comforting prospect...

NORTH SEA OIL REVIEW

EVERY TIME the oil industry answers a query about its North Sea activities it seems to be further questions. This week there have been a number of cases which show that tidy solutions are elusive in offshore exploration and development.

The Hamilton Brothers group's Argyl Field is a good starting point. On Monday the field's partners confirmed that more oil had been found on a faulted structure to the west of the main reservoir.

Thelma, on block 16/17, looks to be a much more promising structure, particularly in the light of the Toni appraisal well earlier this year.

Phillips is expected to order a conventional steel production platform for Maureen, a contract that will be keenly sought by U.K. and European fabrication yards...

BRAE FIELD DRILLING PROGRAMME (block 16/7)

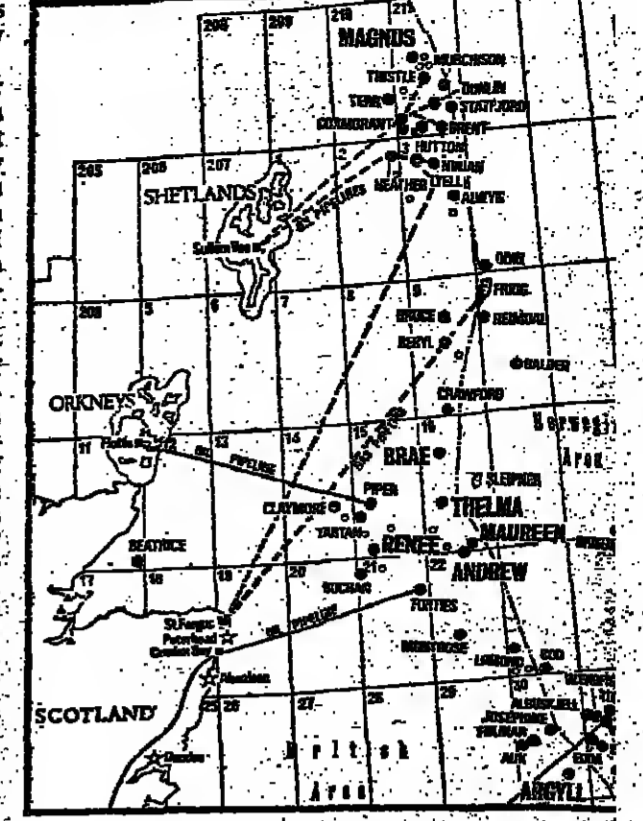
Table with columns: Well, Oil intervals perforated (ft.), Cumulative oil flow rate (barrels per day). Rows 1-10.

So, it seems that Maureen will be the field to receive an early go-ahead. It is known that Phillips has been studying possible production methods for some time although it has not yet reached the position of seeking Department of Energy approval.

There are a number of platform orders in the offing, one of them for BP's previously mentioned Magnus Field.

This brings me to another elongated and even more perplexing structure: Brae. The name stimulates a cold sweat of anxiety in any commentator faced with evaluating the prospects for this field.

It is understood that one of the larger partners was against recovery of the eighth well in the field. Maureen got its way and, as it turned out, the well proved to be one of the most successful of the lengthy drilling programme.



Louisiana Land and Explore the northern flank of the field. The Brae structure very name stimulates a cold sweat of anxiety in any commentator faced with evaluating the prospects for this field.

Radio

- BBC 1: 6.40 Nationwide, 6.30 Sportsweek, 6.55 Seaside Special, 7.40 The Heavyweight Championship of the World...

LONDON

- 5.30 a.m. Schools Programmes, 10.50 Felix the Cat, 12.00 The Learning Tree, 12.10 p.m. Pippins...

IRLAND

- 10.30 a.m. Fr Schools (Ulster in Focus), 3.35-3.55 p.m. Northern Ireland News, 5.35-6.40 Scene Around Six...

SCOTISH

- 11.25 a.m. Scottish Headlines and Sport Report, 1.15 p.m. The Big Film Premier, Mel Ferrer in 'El Greco'...

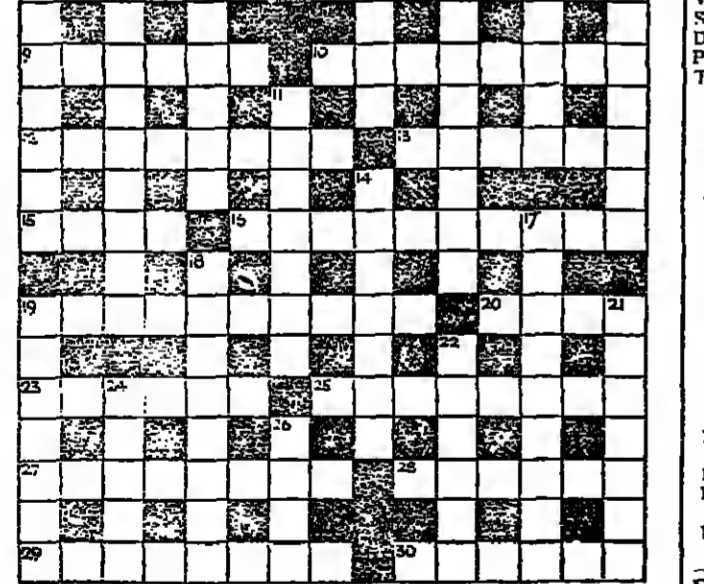
TYNE TEES

- 1.20 p.m. North East News Headlines followed by Starline Point, 2.30 p.m. North East News and Lookaround...

ULSTER

- 1.20 p.m. Luncfane, 4.30 Ulster News Headlines, 5.15 The Finlaysons, 6.00 News at Ten...

F.T. CROSSWORD PUZZLE No. 3480



- ACROSS: 1 Shivering like fish 161, 4 Choose fish for preservation (8), 7 He was a fine cricketer in truth (8)...

BBC 2

- 6.40-7.55 a.m. Open University, 9.30 Liberal Party Assembly, 11.00 Play School...

CHANNEL

- 1.10 p.m. Channel 4: Lighthouse News, 1.20 p.m. The World at Ten, 1.30 p.m. The World at Ten...

GRAMPIAN

- 9.25 a.m. First Flight, 1.20 p.m. Gramplan, 1.30 p.m. The World at Ten...

YORKSHIRE

- 1.20 p.m. Calendar News, 5.15 Calendar Sport, 6.00 Calendar Family Moor and Belmont...

WESTWARD

- 1.20 p.m. Westward News Headlines, 1.30 Westward News, 1.30 The Last Huron, 1.35 The World Tonight...

RADIO 1

- 4.00 a.m. Stereo Music, 7.20 News, 7.55 Sportsweek, 8.00 The World at Ten...

RADIO 2

- 4.00 a.m. News Summary, 6.02 News, 6.05 News, 6.08 News...

RADIO 4

- 4.00 a.m. News, 7.20 News, 7.55 Sportsweek, 8.00 The World at Ten...

BBC Radio London

- 6.00 a.m. as Radio 2, 6.30 a.m. as Radio 2, 7.00 a.m. as Radio 2...

London Broadcasting

- 5.00 a.m. Morning Music, 6.00 a.m. as Radio 2, 7.00 a.m. as Radio 2...

Capital Radio

- 6.00 a.m. as Radio 2, 6.30 a.m. as Radio 2, 7.00 a.m. as Radio 2...

WIMBANTON

- 2.15-Hemond, 2.45-Walker, 3.15-Sydney Drive, 3.45-Park...

GOLF

PETER BUTLER, at 45 a veteran of Ryder Cup golf but now a club professional at the RAC, Epsom, showed the youngsters the way to play in a 30-mph wind in the second round of the Dunlop Masters tournament at Lindrick, Notts, yesterday.

BY BEN WRIG

At the end of the first round, Butler's ball was in the hole from the front of the green, and cost the veteran a stroke.

Veteran Peter Butler shows how to play in 30 mph wind

Next at 143 comes the tiny Spaniard Manuel Pinero (70, 73) and at 144 the little Briton, Guy Hunt (74, 70), and another wild veteran Neil Coles (72, 72).

RACING

PETER WALWYN and Pat Wright in the Affrician Stakes. Eddery now given the jockeys championship on a plate after Willie Carson's suspension...

Eddery should win on Re...

Looking ahead to the weekend, riding plans for the British and Irish challenges at Longchamps are now nearly complete.

Advertisement for 'Eddery' horse racing tips, featuring a cartoon character and various text blocks.

Infidelio and Dawnpath

ROBERT PORTER

Robert Porter presented a double opera...



Tom McDonnell and Jane Manning

are inevitably lost when the singers soar above the stage...

ensemble of flute, clarinet, horn, cello and percussion...

soft-woven pianissimo webs of lapped lines, shot through with dainty flurries and patterns...

At the film's centre is the relationship between Woody and his customary partner Diane Keaton...

Cinema

Laugh of the Year by GEOFF BROWN

Annie Hall (AA) Cinecena. Screen, Gate Pumping Iron (A) Studio One...

George Butler and Robert Flore provides a semi-documentary look at their bizarre world...

and the Academy now show his version of Joyce's earlier, more orthodox novel...

Wich

and Louis in the dead period of unemployment after leaving school...

about the streets will do until some vague stroke of good luck helps them along...

in manhood—Jan in the Army, on the eve of embarkation for Belfast, Paula a wide boy still...

Not that Allen has completely lost his stylistic nervousness. The film's advertising carries a subtitle...

Woody Allen's Annie Hall is a total delight: the film of the month and very possibly the film of the year...

From the interviews with Schwarzenegger and his fellow competitors it seems that most people originally pursue the body beautiful in a mood of over-compensation...

Only with the incidental close-ups of pub inhabitants enjoying a hearty pint do we approach tangible reality...

More Hall

beginning of 1975, a volume came to light: a copy of the first edition of Bach's Goldberg Variations...

Throughout the performance he stressed the more introverted, expressive qualities of the Variations rather than taking the opportunities they provide for brilliant display...

Under spectacular autumnal skies, Benson and Hedges plays host to a new week-long Aldeburgh festival of chamber music and song...

From Woody Allen to body-builder, it's a rich week Pumping Iron, directed by...



Diane Keaton and Woody Allen

FORWARD TRUST LIMITED — BANKERS DEPOSIT RATES

Depositors are advised that with effect from the 1st October, 1977 the following rates of interest will apply:

Table with 2 columns: Term (7 days, 1 month, 3 months, 6 months, 12 months) and Rate (3%, 6%, 6 1/2%, 7%, 7 1/2%).

\*Applies to existing deposits only. New deposits at seven days' notice are not accepted.



For further information apply to: Forward Trust Limited, Deposits Dept., P.O. Box 382, 12 Calthorpe Road, Birmingham B15 1QZ. Tel: 021-454 6141.

Snap Maltings

Schubert-Britten Festival

Under spectacular autumnal skies, Benson and Hedges plays host to a new week-long Aldeburgh festival of chamber music and song...

begins there with many advantages: yet to sit listening to garlands of notes and phrases each touched with awesome precision and purity of aim was to be reminded that a recital in which the piano sounds truly and at every moment beautiful is a rare occasion, in any hall...

film is highly watchable and generally amusing, for which one must certainly be grateful. But it also suffers mightily from one of Hollywood's newest and most widespread ailments, which can only describe as sheer softness...

IMPORTANT ANNOUNCEMENT The Royal Opera House regrets that owing to contractual difficulties it will not be possible to perform THE TROJANS AT GARTHAGE tonight.

Giant technology from Texas Instruments on page 4.

THE CLAN MCCANNY



Ask your broker or insurance adviser about Scottish Provident, or fill in this coupon: To: Scottish Provident Institution, Freeport, Edinburgh EH2 0DH.

Form with fields for Name, Address, and a logo for Scottish Provident.



Selective system

مكزامن الاصل

# Commission seeks green light for EEC-China talks

By DIANA BUCHAN

BRUSSELS, Sept. 29. The Commission today announced that it has agreed to begin talks with China on a trade agreement.

The Commission's decision follows a successful mission to Peking in July, and a Council mandate in November. The Commission is to begin talks with China on a trade agreement, which will be the first step towards regional autonomy for Catalonia.

The agreement will not enter into the details of how far, for instance, individual quotas for Chinese imports might be relaxed. That will be for the mixed commission of Peking and Brussels officials, that is to be set up under the framework pact, to thrash out later.

The Chinese have a structural trade deficit with the EEC. Last year, for instance, the Community exported \$1.34bn worth of goods to China. While only \$907m worth of Chinese goods went the other way. While the Chinese would obviously like to set a clear arithmetical balance on bilateral trade—while EEC officials say they could not accept—it is felt that the Chinese may be content to make a more even trade balance only a long-term and vaguely-stated aim of the agreement. This the EEC could accept.

There is also the problem of the safeguard clauses that Brussels wants and which would allow restrictions to be reimposed in the event of sudden or heavy influxes of sensitive Chinese imports, say textiles or leatherware. The Chinese have initially balked at this. But it is felt here that, if only for political reasons, China will accept EEC insistence on this point.

# Spain's Liberals 'might win Parliament seat'

By DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Sept. 29. The authors forecast that the Liberal Democrats will win 41 seats in the new Parliament.

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# Italy's warning opens nuclear debate

By INVESTMENT BETTS

ROME, Sept. 29. While the country's main political parties, which earlier this summer agreed on a common government programme including nuclear projects, basically support Italy's nuclear choice, they are still split on the nature of the programme itself.

However, the crucial issue remains cost. Although in the long term its nuclear programme would represent a major relief to Italy's balance of payments, in the short term it could be a major strain in terms of imported equipment and know-how.

Earlier this summer, the Italian Prime Minister, Sig. Giulio Andreotti, during an official visit to Washington, held a series of talks on the Italian nuclear programme with the U.S. authorities. These talks were reported here to have centred on the possibility of major U.S. credits to Italy through the Export-Import Bank for Italy's nuclear programme. A figure of \$3bn. has been mentioned.

# Employment falls in Holland

By THE HAGUE, Sept. 29.

EMPLOYMENT fell in August. The adjusted number of unemployed declined by 3,500 to 216,300 in the month while the actual number of unemployed fell 3,400 to 205,300. Seasonally adjusted vacancies fell 1,300 to 87,200.

# Catalonia takes first step towards autonomy

By DIANA SMITH

MADRID, Sept. 29. The Spanish Cabinet, meeting in special session this afternoon, gave its blessing to the first step towards regional autonomy for Catalonia which will eventually affect all of Spain.

As of tonight, Catalonia has been given back its Generalitat, the ancient body that has attended to Catalan interests with interruptions since 1288. The Generalitat was first suppressed in 1714 when King Philip V deprived Catalans of their autonomous bodies as a punishment for their supporting the rival claimant to the throne in the Spanish War of Succession.

In 1932, during the first republic, the Generalitat returned to life. It died again on April 5, 1938 when General Franco suppressed all Catalan regional bodies. Its president and councillors went into exile.

Now after three months of intense, sometimes difficult negotiations, 75-year-old Sr. Josep Tarradellas, who inherited the Presidency in exile in 1954, will return home to lead the resurrected Generalitat.

There have been times in the past three months when Catalans despaired of seeing the Generalitat restored. The Government's insistence on negotiating initially only with Sr. Tarradellas and his close associates, aroused energetic protests from representatives of Catalan political parties which won the majority of votes in the June general election this year—that is the PSUE (Spanish Socialist Workers' Party) and the PSC (local branch of the Spanish Communist Party).

Many leading Catalans, besides the Socialists and Communists, questioned Sr. Tarradellas's right to represent them because of his long absence from Spain and the fact that, unlike them, he had not been elected by popular vote.

Furthermore, Sr. Tarradellas' apparent willingness to accept minimal powers for the Generalitat increased the antagonism. However, early this month the Government and Sr. Tarradellas conceded the right of leading negotiations and to sit on the new Generalitat.

The royal decree, published to-night, which will be given urgent approval by Parliament and come into effect at once, repeals Gen. Franco's 1938 decree and its preface recognises the historic personality of Catalonia as expressed by its Generalitat. The decree states that the Generalitat is being reinstated provisionally until full autonomy status is voted in the Parliament. This full status will not come until next year, when the new constitution specifies the framework of autonomy for all Spanish regions.

The provisional Generalitat will have two essential functions: to work out draft proposals for Catalonia's autonomy, and to coordinate the operations of the present deputations for the four Catalan provinces of Barcelona, Gerona, Tarragona and Lerida.

It will consist of two bodies: the presidency filled by Sr. Tarradellas; and the Council, or council, a body with 18 members four of them representing the provinces, the other 12 a mixture of political leaders and technicians.

A joint commission of the central Government and representatives of Catalonia has also been set up to-night by royal decree. This commission will handle the gradual transfer of powers to the Generalitat by the Spanish state. Initially, these powers will be limited to local services, etc.

To-night in Madrid, Catalan MPs unanimously voiced their joy at the restoration of the Generalitat, however embryonic. It is a great day for Catalonia and for Spain, they said. Their feelings were echoed by Barcelona as the news broke of the first step towards autonomy.

# Judd begins discussions with Gibraltar leaders

By OUR OWN CORRESPONDENT GIBRALTAR, Sept. 29.

BRITISH FOREIGN Office Minister Frank Judd has begun two days of talks with Gibraltar leaders in a politically charged atmosphere. Both the government and opposition have expressed strong pro-British feelings at a time when other factions are beginning to press for a settlement with Spain on the colony's status.

As Mr. Judd flew in, the Gibraltar Council of Ministers took the unusual step of issuing a lengthy statement pledging themselves to continue to resist what they describe as "the unrepresentative anti-British minority."

The statement attacks the district officer of the local Transport and General Workers Union branch, Mr. Jose Nieto, for expressing anti-British sentiments in a Spanish newspaper interview and for having reportedly stated that Gibraltar could be made an autonomous region.

# Bonn changes terrorist law

By BONN, Sept. 29.

THE WEST German Bundestag today passed a law enabling authorities to cut off imprisoned urban guerrillas from all contact with the outside world under specific circumstances.

Four deputies of the ruling Social Democratic Party (SPD) voted against the law. Seventeen members of the SPD and the Free Democratic Party—junior partner in the coalition Government—abstained.

The law is chiefly aimed at preventing extremists from using their defence lawyers as contact men with the outside.

# Portuguese refugees must quit hotels by to-day

By OUR OWN CORRESPONDENT LISBON, Sept. 29.

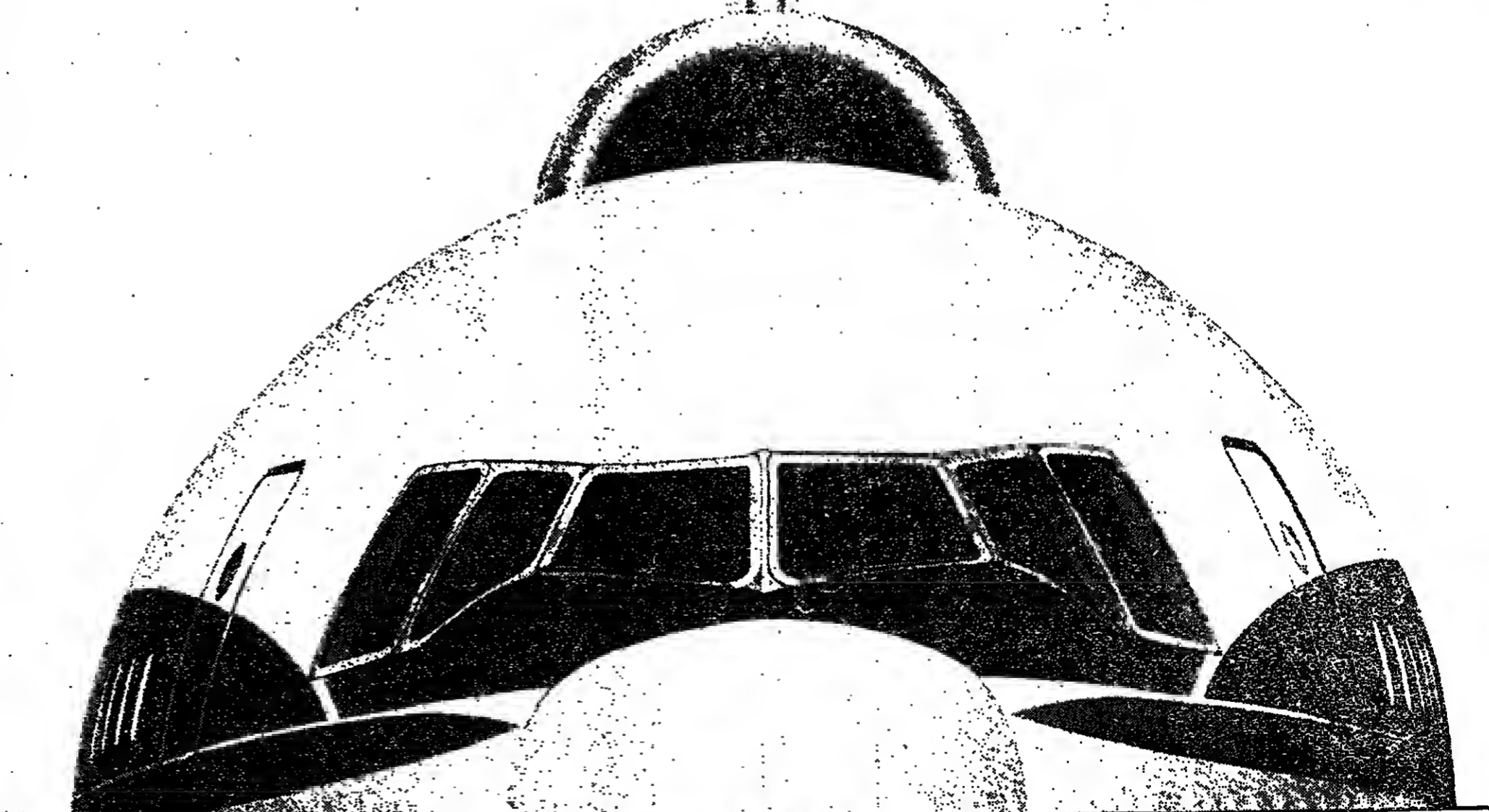
OVER 23,000 refugees from Lisbon's former colonies will have to leave the hotels and pensions where they have been housed in Portugal by to-morrow. Sr. Goncalves Ribeiro, the High Commissioner for Refugees, has announced that the Government is sticking to this deadline.

Widows with children, old pensioners and unworked mothers will be exempt from the evacuation order.

Sr. Silva Pereira, a spokesman for the refugees, said that he hoped the Government would act humanely and not turn the refugees out into the streets. He said the refugees had great difficulties in finding employment.

Meanwhile, Sr. Nogueira Costa, the Industry Minister, said that the Government would not oppose the re-election of Sr. Jose Manuel De Mello as President of the Board of the Lisnave shipyards. Over 15,000 workers protesting against his possible re-election dived into the Lisnave and Seicnave shipyards for two hours to-day at the contact men with the outside.

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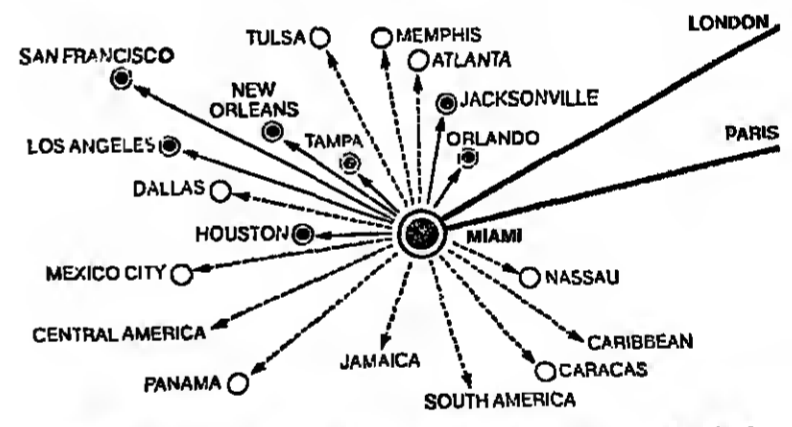
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September 30, 1977

OVERSEAS NEWS

Cambodian leader delivers major policy statement

BY YVONNE PRESTON

PEKING, Sept. 29.

THE IMPORTANCE of the visit of a senior Cambodian delegation was spelled out last night when all four Chinese Communist Party Vice-Chairmen, including 80-year-old Yeh Chien-ying, attended an official banquet in their honour by Party chairman Hua Guofeng...

China critical of its own economy

BY OUR OWN CORRESPONDENT

PEKING, Sept. 29.

CHINA HAS taken the unusual step of releasing figures to reveal its industrial backwardness and unfavourably contrasting its economy with that of the developed West.

Israel to seek Lebanon peace

BY DAVID LENNON

TEL AVIV, Sept. 29.

ISRAEL will seek to convert the cease-fire in south Lebanon into a permanent peace settlement. Officials here maintain privately that there is no indication that the Israelis are preparing for another round of fighting.

ELECTION UNCERTAINTY IN PAKISTAN

The army acquires a tinge of permanence

ALTHOUGH Pakistan's election campaign is now in full swing, there is a growing belief here that the army might seek a postponement of the poll before the scheduled date of October 18.

Officially the army is still committed in the timetable for a return to civilian rule that it laid down shortly after taking power in a bloodless coup d'état on July 5. But General Zia-ul-Haq, the military leader, has done nothing to scotch doubts about whether the elections will be held on time.

S. Africa agrees to formulate Namibia troop withdrawal plan

BY QUENTIN PEEL

JOHANNESBURG, Sept. 29.

SOUTH AFRICA has accepted that the presence of its troops in Namibia (South West Africa) constitutes a genuine obstacle to the participation of the South West African People's Organisation (Swapo) in any open election in the territory.

Somalis advance on Harar

BY JOHN WYLES

MOGADISHU, Sept. 29.

THE Western Somalia Liberation Front (WSLF) today claimed to control a quarter of Ethiopia after winning the crucial battle of the Gara Marda Pass.

Fire wrecks Grand Bazaar in Tehran

BY WONG SULONG

TEHRAN, Sept. 29.

FIRE ROARED through the ancient Grand Bazaar of Tehran last night, causing casualties and heavy damage to merchandise.

Malaysian on Northrop bribery charges

BY WONG SULONG

KUALA LUMPUR, Sept. 29.

RETIRED Group Captain Ahmad Shah, 54, of the Malaysian Air Force was charged in the Kuala Lumpur Sessions Court today on five counts of receiving more than \$36,000 in bribes from the Northrop Corporation in connection with Malaysian Government purchases of jet fighters.

Argentina and Chile row over Cape Horn islands

BY HUGH O'SHAUGHNESSY

TENSION IS growing between Lennor and Pictou...

Canadian inflation 'will fall'

BY VICTOR MACKIE

OTTAWA, Sept. 29.

CHRISTMAS should see the Canadian inflation rate dropping back to about 7 per cent, Miss June Meates, vice-chairman of the Anti-Inflation Board, predicted today.

AMERICAN NEWS

Confidence growing that aid funds will be raised

BY DAVID BELL

WASHINGTON, Sept. 29.

THE WORLD BANK is now bank's constitution, and the bank is reasonably confident that it will get most of the \$350 million increase in capital that it is seeking, but its optimism has been over-shadowed by the continuing problem of the bank in having to persuade Congress to provide the money.

Youngstown steelworkers eligible for federal aid

BY JOHN WYLES

NEW YORK, Sept. 29.

NEARLY 5,000 soon-to-be redundant steelworkers in Youngstown, Ohio, have been told they qualify for assistance from a Federal aid programme which in two and a half years has disbursed \$275 million to workers whose loss of employment is at least partially caused by imports.

Senate seeks way out of natural gas price impact

WASHINGTON, Sept. 29.

THE U.S. Senate will vote today on a bill to allow natural gas prices to rise.

Argentina and Chile row over Cape Horn islands

BY HUGH O'SHAUGHNESSY

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Vertical advertisements on the right edge of the page, including 'The in...', 'request', 'S. lead', 'finance', 'KASAN S', 'ULL B', 'Mincing', 'EX: 88113', 'TELEX 930', and 'Hond O... New York'.

# Barre in Moscow talks uranium purchases

BY DAVID SATTNER

French Prime Minister Jacques Chirac arrived in Moscow for the opening of the Franco-Soviet joint commission and said he is anxious to see the Soviet Union as a major supplier of uranium and gas as well as to import Soviet oil.

Everything possible to steer French companies towards buying Soviet oil if the price were right. M. Barre and Mr. Vladimir Kirillin, chairman of the Soviet State Committee on Science and Technology who is the head of the Soviet delegation, said that the goal of the Franco-Soviet trade commission was to reach an agreement by the end of the year.

Soviet-French trade reached Frs.10bn. in 1976 with a surplus of about Frs.1bn. in France's favour. France exported machinery and manufactured goods, and imported raw materials, mainly oil and cotton.

# Brown and Root deal still under discussion

Financial Times Reporter

BROWN and Root, the U.S. engineering company, has yet to finalise a contract for the construction of naval port facilities at Chah Bahar on the Gulf coast, according to a company spokesman.

Asked about reports that Brown and Root (part of the Halliburton group) had concluded an oil barrier deal to finance the project, he said that the company was again undertaking work on such a financial basis.

He declined further comment, but it appears that the Iranian Government has been pressing for a contract involving payments either in whole or in part, in crude supplies.

# OECD probes steel dumping claim

BY ROBERT MAUTHNER

U.S. DEMANDS that the EEC and Japan should take steps to prevent their steel industries from dumping on the U.S. market are expected to dominate the discussions of the OECD's steel crisis committee, which began a two-day meeting here today.

Under the pressure of an increasingly powerful steel lobby in both Houses of Congress, the U.S. delegation here is arguing for a favour of measures on the prices front, rather than voluntary export restraint agreements.

The latest statistics presented by the OECD Secretariat to the committee, however, give a less bleak picture of the situation, though they confirm a sharp rise in Common Market steel exports to the U.S. from 1.35m. tonnes in the first six months of 1977 to 1.96m. tonnes during the first half of the current year.

# EC request on Scotch sales

Financial Times Reporter

European Economic Commission, under pressure from Scotch whisky makers, has requested that the Commission should take steps to ensure that the Scotch whisky market is not flooded with cheap imports from other countries.

The Commission would not officially disclose what its competition experts found objectionable, but sources said the companies concerned are allegedly selling Scotch whisky at prices well below those obtained from the groups.

While an official deadline for the reply to the Commission's complaints has not been set, Commission officials said it would be normal practice to wait two months before further action is taken.

# Japan exports up as imports fall

Financial Times Reporter

EXPORT CONTRACTS at Japan's 14 major trading houses for August totalled 1,063bn. Yen, up 35 per cent from 787.5bn. Yen in July and 40.4 per cent higher than the 757.1bn. Yen in August 1976, the Japan Foreign Trade Council stated today.

# Overseas car sales decline

Financial Times Reporter

VEHICLE exports by Japan in August fell 11.7 per cent to 333,754 vehicles from a record 375,040 in July, but rose 14.5 per cent from 291,555 in August last year, the Automobile Manufacturers' Association says.

# Gas project

Mitsubishi and Shell Oil will complete an agreement in principle with Petronas, the State-owned Malaysian Oil Company, next week on a \$1.3bn. liquefied natural gas project near Sarawak, AP-DJ reports from Tokyo.

# U.S. leads in August boom

Financial Times Reporter

UNITED STATES, the dominant role in the boom of Scotch whisky exports, is threatened by a longshore strike in October, which would cut Scotch ship-ments by 48.9 per cent, compared with the pre-1977 level of 3.3m. proof north £14.4m.

August shipments brought the year's running total to 20,037,000 gallons worth £26.5m. Bottled blends showed the best advances, a most encouraging sign for the U.S. economy as a whole, rising 7 per cent, in volume and 18.7 per cent, in value, while bulk blends only edged up 1.3 per cent, in volume and 4.5 per cent, in value.

Shipped to Japan in the first eight months of the year, however, rose 6.5 per cent, to 6,801,000 gallons with value 19.8 per cent, ahead to £28.1m. But broken down into categories, this emerges: malts shipped in bulk for local mixing rose 10.5 per cent, to 4,260,000 gallons with value up 15.5 per cent, to £11,059,000; bottled blends fell 1.5 per cent, to 2,512,000 gallons though their value rose 20 per cent, to £16,755,000.

# Port finance conference

Financial Times Reporter

CONFEDERATION of British Overseas Engineering and Credit Panel, Mr. A. Pitcher, managing director of Credit Panel, deputy manager of the customer services section of Lloyds Bank and Mr. D. Smith, head of the guarantee group of ECGD.

OSROFT, local director of Credit Insurance Association, Mr. C. Overton, managing director of British Overseas Engineering and Credit, Mr. R. A. Pitcher, managing director of Credit Panel, deputy manager of the customer services section of Lloyds Bank and Mr. D. Smith, head of the guarantee group of ECGD.

On the controversy of shipping bulk malt whiskies, total shipments of Scotch to the Argentine in the period rose 48 per cent in 677,748 gallons and 20.95 per cent, to £2.2m. But that total included 683,621 gallons of malt whisky shipped in bulk for local mixing and worth £2.1m.

U.S. DEMANDS that the EEC and Japan should take steps to prevent their steel industries from dumping on the U.S. market are expected to dominate the discussions of the OECD's steel crisis committee, which began a two-day meeting here today.

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HOME NEWS

Oil platform deal for ailing yard

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH STEEL CORPORATION has won a major slice of a £70m. North Sea oil platform which will revivify the ailing Redpath Dorman Long yard in Scotland. RDL's platform fabrication yard at Methil, Fife, is to recruit 550 assembly workers, many of whom were among the 800 laid off when the orders ran out in May. Since then, the yard has been kept open on a care and maintenance basis. A deal, announced last night by the U.S. oil group, Texaco, means that RDL and Union Industrielle d'Entreprise, of France, will share the contract under a new joint venture arrangement. Each company will earn well over £10m. for the fabrication work. In addition, U.K. companies will provide the majority of platform equipment and BSC will supply the bulk of the steel. The orders are particularly important for British Steel and for the Levenmouth area of Fife where unemployment is over 20 per cent. Three-quarters of the men laid off by Methil earlier this year are still out of work. Mr. David Waterstone, BSC director and the new executive in charge of the Corporation's North Sea developments, saw the contract as a "great new start". With at least six offshore platform orders on the horizon RDL aimed to rebuild its strength. BSC is going through an extremely difficult trading patch with losses approaching £1m. a day. However, the new joint venture agreement with the established UIE yard opens up opportunities for many more orders, both in the North Sea

Mixed feelings on No. 10 talks

BY GILES MERRITT

THE DOWNING STREET summit meeting on Ulster's future between Mr. Jack Lynch, the Irish Prime Minister, and Mr. Callaghan yesterday produced mixed reactions from the Provisional IRA's political leaders. The mainly Catholic Social Democratic and Labour Party said that it may now take part in fresh power-sharing talks, but Unionist reactions were discouraging. Although the British Government is sceptical of the chances of bringing about agreement on administrative devolution after its unsuccessful efforts earlier this year, it is understood to have accepted Mr. Lynch's insistence that political divisions in Ulster have been hardening in the absence of a new initiative. But the Rev. Ian Paisley, leader of the Democratic Unionist Party, said yesterday that he will oppose any new moves toward a power-sharing settlement. Mr. Gerry Fitt, leader of the SDLP, greeted the results of the London summit more positively. In spite of the SDLP's recent policy change downgrading Ulster power-sharing as an objective in favour of an "agreed Ireland" involving Dublin, he said he would envisage taking part in inter-party talks, provided the administrative evolution system under negotiation involved an elected body with sufficient executive powers. But Mr. Fitt was not entirely happy with the results of the Callaghan-Lynch meeting.

COMMONS PUBLIC ACCOUNTS COMMITTEE

Job Centres 'fail needy'

BY RUPERT CORNWELL

JOB CENTRES and the State-backed executive recruitment services, set up four years ago to replace the old-style employment exchanges, were strongly criticised yesterday on the grounds that they failed to help those most in need. The attack came from the influential Commons Public Accounts Committee, which serves as Parliament's "watch-dog" on government spending, and headed by Mr. Edward du Cann. Introducing the report yesterday, he set out once again his deep rooted belief that Parliament had completely abdicated its historic role of monitoring and controlling public spending. The main complaint of the latest report is that the new employment services, which cost about £400m a year to administer, were doing little to ease the plight of semi-skilled and unskilled workers who really needed assistance.

"This is a perfect example of people doing things for all the right motives... but is it right?" asked Mr. du Cann, declaring himself sceptical about the whole exercise. "If we are going to spend the huge sums, then let's make it work." The report, which bases its findings on evidence from the Manpower Services Commission, acknowledged that Job Centres have led to an increase in usage of 25 per cent. by the public and 20 per cent. by employers. In addition, the number of notified vacancies had climbed by up to 30 per cent. Placings in jobs had advanced by between 30 and 40 per cent. but the committee emphasised, the real improvements, of 35 and 25 per cent. respectively, were for clerical and skilled manual appointments. Placings of semi-skilled and unskilled workers, on the other hand, had hardly risen at all. The committee also caustically records its "surprise and dis-

appointment" that the committee had failed to find a way of ensuring the Saturday opening of Job Centres, often expensively installed on prime High Street sites. As for the Professional and Executive Recruitment Service, the up-market counterpart of the Job Centres, Mr. du Cann openly suggested that the Government had considered scrapping it. The report argued that the service was costing £319 of public money per placement and competing pointlessly with commercial firms who were already offering an adequate service. The agency has only two more years in which to prove its worth. At the end of the time limit, a "hard and critical look" should be taken at the case for continuing the professional recruitment service in its present form. The report also recommended that the Manpower Services Commission should consider discontinuing its Employment Transfer



Edward du Cann declared sceptical about the whole exercise.

NEWS ANALYSIS—TIN MINING

Rare investment opportunity

BY PAUL CHEESBRIGHT

BRITISH INVESTORS to-day have the chance to buy shares in the highest and deepest tin mine in the country. Saint Piran is selling 33 per cent. of South Crofty's Redruth tin mine. This is the first event of its kind for 60 years. Not since Gevor tin was launched has there been a share offer of such size in the local mining industry. Saint Piran is offering for sale 5.25m. shares with a par value of 10p at a price of 50p. The sale should realise £2.625m. The whole of South Crofty's listed capital will be quoted on the Stock Exchange, thus allowing dealings in it for the first time in 10 years. The timing of the sale is an indication of the vigour of a traditional industry. Although tin has been mined in Cornwall since Phoenician times, the industry reached a peak in the middle of the 19th century when the U.K. was largely self-sufficient in minerals. Over the last 20 years, the Cornish tin industry has started to climb out of a period of doldrums which lasted for 50 years.

Production has been building a tonne, but market levels have fallen so that national output reached 3,323 tonnes last year, since the middle of July. The tin is ripe for the share market, especially in the light of the Cornish Mining Development Association, saving £20m. on the import bill. South Crofty's share is 1.545 tonnes. Cornish output is likely to increase. Gevor is in the middle of an expansion plan. The Mount Wellington mine of Prado Exploration, a Canadian concern, is building up production after recently coming on stream, and South Crofty has just completed a £4.5m. modernisation plan. The other major tin producer in Cornwall is Wheal Jane, owned by Consolidated Gold Fields. It, too, is in the middle of a capital expenditure programme to ensure a reasonable life expectancy. The industry has been enjoying a revival in metal prices on the London and Penang markets and last year profits began to move up again. Yesterday, prices reached their highest level ever. South Crofty's tin is expected to reach a price of £15m. in the current year, pre-tax profits are being conservatively estimated at £2m. That is compared with a tin price of £5.900

width of the mine's existing workings. Mackay and Gorman, the geologists, say the history, geology and mineralisation of South Crofty, and its nearby mine Pendarves, justify a projection of a working life of at least ten years and probably longer. If the future tin price is painted, then it is a legitimate question to ask why mining exploration activity in Cornwall, and indeed the rest of the country, is not more extensive. Part of the reason is that such mineral deposits are known to exist but not proved either rich enough or large enough to permit the sort of large-scale operation which is attractive to the large companies of the industry. Risks A second factor is the general unwillingness to take the risks inherent in mining exploration at a time of stringency within the economy at large. Usually, many companies are simply not prepared to run the risk of finding the mineral rights and meeting the planning, regulatory and environmental costs of a tin mine. South Crofty is a small-scale operation, but it has no problems with mineral rights, but also because it provides employment in an area of high unemployment.

Private health insurance growing

AFTER 18 months of the registration of private health insurance was once again, Mr. Derek Damerell, executive of BUPA, said yesterday. The improvement, already noted by some of the private health insurance companies, was confirmed by BUPA, with a 75 per cent share in the market, the largest such company. Over the first eight months of this year there had been a loss of 2,000 members, a net loss of 15,000 on corresponding period last year. But in the past two months 10,000 families had been added to the existing 713,000 members. Study grants Up to 100,000 pounds are to be granted under a new scheme to attend British education courses, and some to be run by the University Service with the Ministry of Overseas Development. Don't be late Another warning that pensioners are leaving it very late to obtain certificates to qualify for the State pension is given yesterday by Mrs. Ursula of the Civil Pensions Information Centre, which showed that over 100,000 pensioners would seek to claim the new State pension in the next three months. Clothing profit Manufacturers of industrial clothing appear to have hit the highest levels of profits at 7.5 per cent in the industry over the last two years according to a financial carried out by Jordan Data.

Skytrain to get 14 weekly flights

BY JOHN LLOYD, INDUSTRIAL STAFF

LAKER AIRWAYS has received permission to operate two Skytrain services a day from Lunnun-New York from next April. The Civil Aviation Authority announced yesterday that it would increase the proposed number of flights from 11 to 14. However, there will be a slight reduction in the proposed number of seats. Laker had previously applied for permission to use DC10s for all 11 flights. The new application is for seven DC10s and seven Boeing 707s. The seating is reduced from a proposed 3,795 a week to 3,733. The DC10s now in service have a seating capacity of 345. The Boeing 707 can seat 158. The authority said that its permission for 14 flights a week meant that "the original concept of Skytrain as a low-

cost, short-notice booking service involving high average seat factors with no guarantee of passengers getting a seat should be preserved". The six airlines who are allowed to offer budget seats—British Airways, Pan Am, Trans World, El Al, Air India and Iran Air—are expected to offer 6,000 low cost seats a week by next summer.

THE RANK ORGANISATION Winners across the world

Congratulations to The Rank Organisation Team Andrew Cowan Colin Malkin Mike Broad on their success in winning the Singapore Airlines London to Sydney Rally 1977



THE RANK ORGANISATION 38 South Street, London W.1. Subject to official confirmation.

Fairey tries new plan to save troubled Belgian subsidiary

BY DAVID SUCHAN

THE ATTEMPT by Fairey, the U.K. aviation group, to avoid the bankruptcy of its Belgian subsidiary at Gosselies enters a new stage to-morrow when a local commercial tribunal is due to consider a request by the local company, Fairey SA, to take it under court-controlled management—a step short of bankruptcy. On the outcome hangs the proposed sale by the financially troubled Fairey group of its civil aviation section to Short Brothers of Belfast for a reported £5m. to £6m. A large part of the intended sale concerns the Gosselies operation making Islander and Trilander aircraft and employing about 600 people. If the sale goes through, these aircraft will be made in Northern Ireland by Shorts. Earlier this week the Belgian Government flatly turned down Fairey's suggestions that it should buy out the Belgian subsidiary. Belgian officials say Fairey wanted B.Frs.700m. (about £11m.) to cover immediate costs and local debts—believed to be just as large—and thereby avoid bankruptcy proceedings. Bankruptcy might well prevent any of the civil aviation

assets of Gosselies—30 to 40 unsold aircraft plus production jigs and tools—from leaving Belgium and going to Short Brothers until all Belgian credit claims were met. Fairey group officials in London said to-day "there is no possibility in the foreseeable future" of producing Islanders in Belgium because of soaring production costs. But they said that if the sale to Short Brothers went through, "a large chunk of the proceeds will come back to Belgium." The Belgian Government clearly has its doubts about that.

Fabians urge 20% devaluation

BY MICHAEL BLANDEN

AN EFFECTIVE devaluation of the pound should be allowed to appreciate on the strength of the North Sea oil revenue to help hold down the cost of living in the U.K. The authors are critics of the policy being followed by the Government and the Bank of England of holding the pound stable in the face of the recent strong overseas demand. The pamphlet has been written by Mr. Bryan Gould, Labour MP for Southampton West, Mr. John Mills, an economist and deputy leader of Camden Council, and Mr. Shaun Stewart, previously with the Board of Trade. The authors maintained that the pound should have been worth about \$1.50 in July this year, and should fall by about 1 per cent a month thereafter. The Bank of England, they say, must be held to let the rate of interest fall. At the same time, support for the official policy of holding the exchange rate down has come from stockbrokers, de Zoete and Bevan. In their latest economic survey, they comment that a convincing argument in favour of this stance may be found in the fact that "the level of official reserves still falls short of the level of outstanding overseas borrowings." A "Competing Pound" by Bryan Gould, John Mills and Shaun Stewart, Fabian Tract 452, 32 pages, 70p.

operation making Islander and Trilander aircraft and employing about 600 people. If the sale goes through, these aircraft will be made in Northern Ireland by Shorts. Earlier this week the Belgian Government flatly turned down Fairey's suggestions that it should buy out the Belgian subsidiary. Belgian officials say Fairey wanted B.Frs.700m. (about £11m.) to cover immediate costs and local debts—believed to be just as large—and thereby avoid bankruptcy proceedings. Bankruptcy might well prevent any of the civil aviation assets of Gosselies—30 to 40 unsold aircraft plus production jigs and tools—from leaving Belgium and going to Short Brothers until all Belgian credit claims were met. Fairey group officials in London said to-day "there is no possibility in the foreseeable future" of producing Islanders in Belgium because of soaring production costs. But they said that if the sale to Short Brothers went through, "a large chunk of the proceeds will come back to Belgium." The Belgian Government clearly has its doubts about that.

'Energy gap unlikely' before year 2000

BY IAN BREACH IN WHITEHAVEN

EVEN WITHOUT any further development of nuclear power, were to build a major British oil and gas plant of the type proposed by British Nuclear Fuels, the gap likely to arise in Britain before the end of the century, likely to be smaller than that in other countries. There is the prospect of a strong local opposition to such a project. Prof Odell was appearing as an expert witness for the Town and Country Planning Association, which opposes British Nuclear Fuels' plans for a new plant at Windscale. It would be ironic if Britain were to build a major British oil and gas plant of the type proposed by British Nuclear Fuels, the gap likely to arise in Britain before the end of the century, likely to be smaller than that in other countries. There is the prospect of a strong local opposition to such a project. Prof Odell was appearing as an expert witness for the Town and Country Planning Association, which opposes British Nuclear Fuels' plans for a new plant at Windscale.

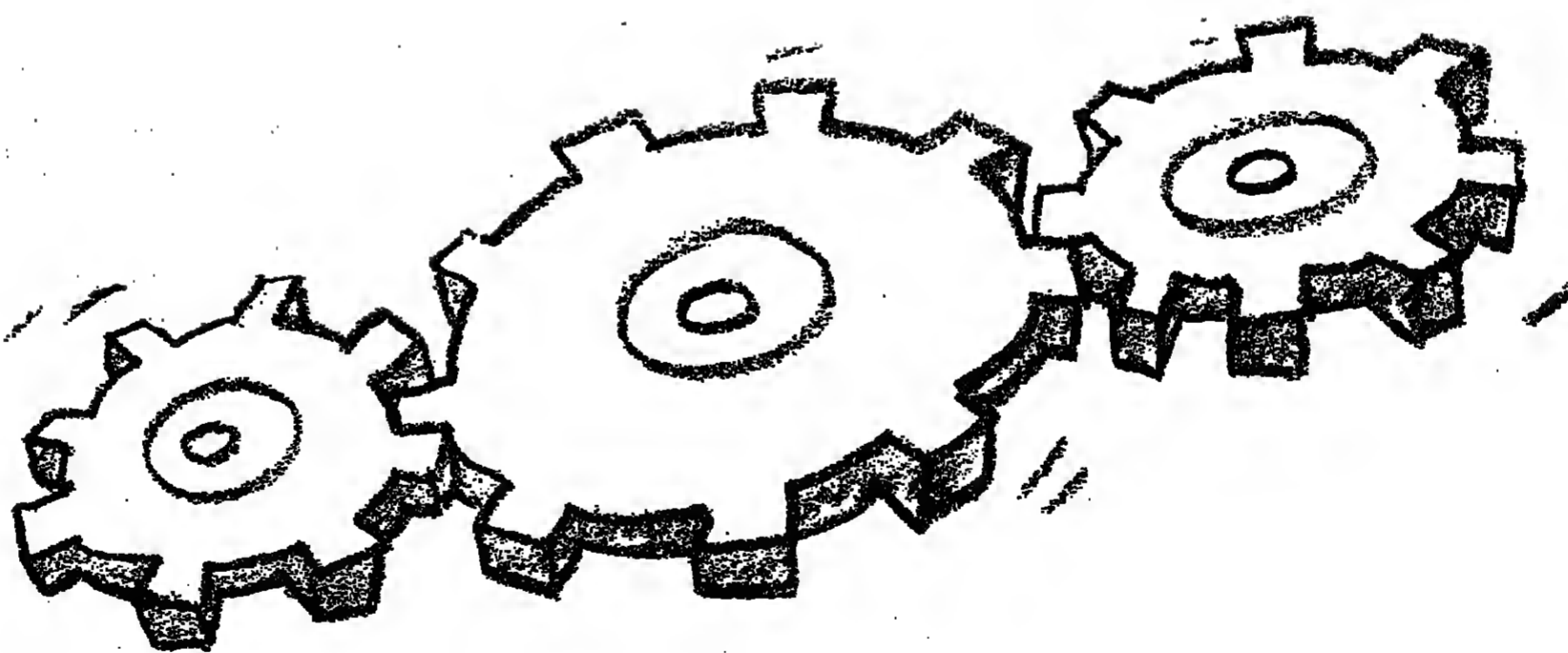
Present proven-plus-probable reserves of British oil and gas were expected to rise from 3bn. tonnes to between 6.5bn. and 7.5bn. tonnes by the end of the century, he claimed. Expansions of existing oil and gas fields, given still higher oil prices, will also contribute to the supply. However, the strong local opposition to such a project. Prof Odell was appearing as an expert witness for the Town and Country Planning Association, which opposes British Nuclear Fuels' plans for a new plant at Windscale. It would be ironic if Britain were to build a major British oil and gas plant of the type proposed by British Nuclear Fuels, the gap likely to arise in Britain before the end of the century, likely to be smaller than that in other countries. There is the prospect of a strong local opposition to such a project. Prof Odell was appearing as an expert witness for the Town and Country Planning Association, which opposes British Nuclear Fuels' plans for a new plant at Windscale.

Diploma students more employable than graduate

STUDENTS ON sub-degree courses for Higher National Diplomas have better job prospects than graduates of universities, or polytechnics, a report released yesterday by the National Union of Students. But the union's figures show that by far the highest employment rate in 1977 for the students of polytechnics and graduates output has been achieved by the Government, which has increased by almost 32 per cent to 18,000 from 1977-78 to 1978-79 to 11



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HOME NEWS

Brewers attack beer price findings

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE BREWERS have hit back at the Price Commission's report on beer prices, saying its criticisms "have every sign of having been formulated without adequate analysis and on an insufficient, and sometimes selective, factual basis."

Call for body to license personal data companies

BY JOHN LLOYD, INDUSTRIAL STAFF

A STATUTORY authority, independent of government, should be established to grant licences to all organisations which collect and store personal data.

New Lord Mayor named

AIR COMMODORE Peter Vaneek is to "educate the city's detractors and shout to the world of its standards of ethics and achievement."

Shipyard workers angered by official delay on pay

BY ALAN PIKE, LABOUR CORRESPONDENT

SENIOR UNION leaders are being urged to complain to the Government about the delay in wage negotiations which is holding up pay talks at Govan Shipbuilders.

Pay dispute at sugar-beet plant threatens bumper crop

BY PAULINE CLARK, LABOUR STAFF

FIVE SUGAR-BEET factories negotiate committee talks to be held next Friday. The 1,000 workers will make it impossible for their factories to open on Monday for the start of the sugar processing season.

About 7,000 leave mines on early retirement

By Kevin Done

MORE THAN 8,000 men left the coal industry last month, bringing the pit workforce down to 230,000. About 7,000 miners left under the National Coal Board's early retirement scheme, which came into force in August.

Law reforms urged to help small companies

BY A. H. HERMANN, LEGAL CORRESPONDENT

SMALL COMPANIES and litigants of modest means benefit if proposals made by Justice, the British section of the International Commission of Jurists, are adopted.

place companies in the same position in which individuals are when applying in person to court as litigants unrepresented by solicitor or counsel.

Leyland bus strikers accept 10% offer

BY OUR LABOUR CORRESPONDENT

ONE PROBLEM facing British Leyland was resolved yesterday when Leyland bus strikers have accepted a 10% offer.

Airport strikers in move to end strike

BY OUR LABOUR CORRESPONDENT

LEADERS OF 17 trade union members at U.K. are seeking a meeting with Government Ministers to end the strike by air traffic assistants which has been in progress since August 15.

U.K. move to protect Shell and BP in U.S. probe

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE DEPARTMENT OF Trade has intervened in anti-trust investigations by the U.S. Department of Justice in order to protect the confidentiality of Shell and British Petroleum's international oil operations.

New plant for Union Carbide

By Rhys David, Northern Correspondent

UNION CARBIDE, the U.S. chemicals group, yesterday opened a £2m. plant to manufacture components for the electronics industry at Newton Aycliffe, Durham.

Public sector unions urge £2bn. boost

BY DAVID CHURCHILL, LABOUR STAFF

A £2bn immediate boost for public services demanded yesterday by 10 public-sector trade unions representing a third of the TUC's total membership.

Teachers face spending-cut jobs threat

BY DAVID CHURCHILL, LABOUR STAFF

HUNDREDS of teacher-incentive workers at Northamptonshire will be denied if the county council's spending cuts are not reduced.

Weather

The total U.K. energy consumption during the three months May to July was 4.7 per cent higher than a year ago.

On the oil side, petrol deliveries were marginally below last year's level during May to July, but general demand for petroleum products was nearly 2 per cent higher.

The price of all fuels supplied to industry rose in the second quarter of the year compared with the same period of 1976.

Hauliers may defy EEC law

BY IAN HARGREAVES

BRITISH TRANSPORT operators will become wholesale breakers of the law unless a sensible compromise package on EEC commercial vehicle drivers' hours can be agreed next month.

Decision on airport may be postponed

By Rhys David

MANCHESTER'S AIRPORT committee is expected to decide today whether to go ahead with controversial plans until the Government's White Paper on regional airport policy is published later this year.

GLC planning to sell off more homes

By Michael Cavell

ABOUT 14,000 Greater London Council tenants have applied to buy their homes and the number is expected to double as a result of policy decisions announced yesterday.

Record £8,300 bottle of wine

BY ANTONY THORNCROFT

A BOTTLE of Chateau Lafite 1806 was sold at Christie's yesterday for £8,300, a record auction price for a single bottle of wine.

Decision on airport may be postponed

By Rhys David

MANCHESTER'S AIRPORT committee is expected to decide today whether to go ahead with controversial plans until the Government's White Paper on regional airport policy is published later this year.

Labour will reconsider

BY DAVID CHURCHILL, LABOUR STAFF

THE LABOUR PARTY executive will today re-examine the decision to refuse a £2bn. increase in public sector spending.

One-day strike at ASTMS

BY DAVID CHURCHILL, LABOUR STAFF

Mr. Clive Jenkins's resignation as Secretary of the Amalgamated Society of Tailors and Dressmakers has been announced.

Grunwick mass picket may resume

BY DAVID CHURCHILL, LABOUR STAFF

MASS PICKETING will be resumed at Grunwick in less than three weeks unless unions promise to evict suppliers and services in the North London film processing factory.

# Some Swedes are more equal than others

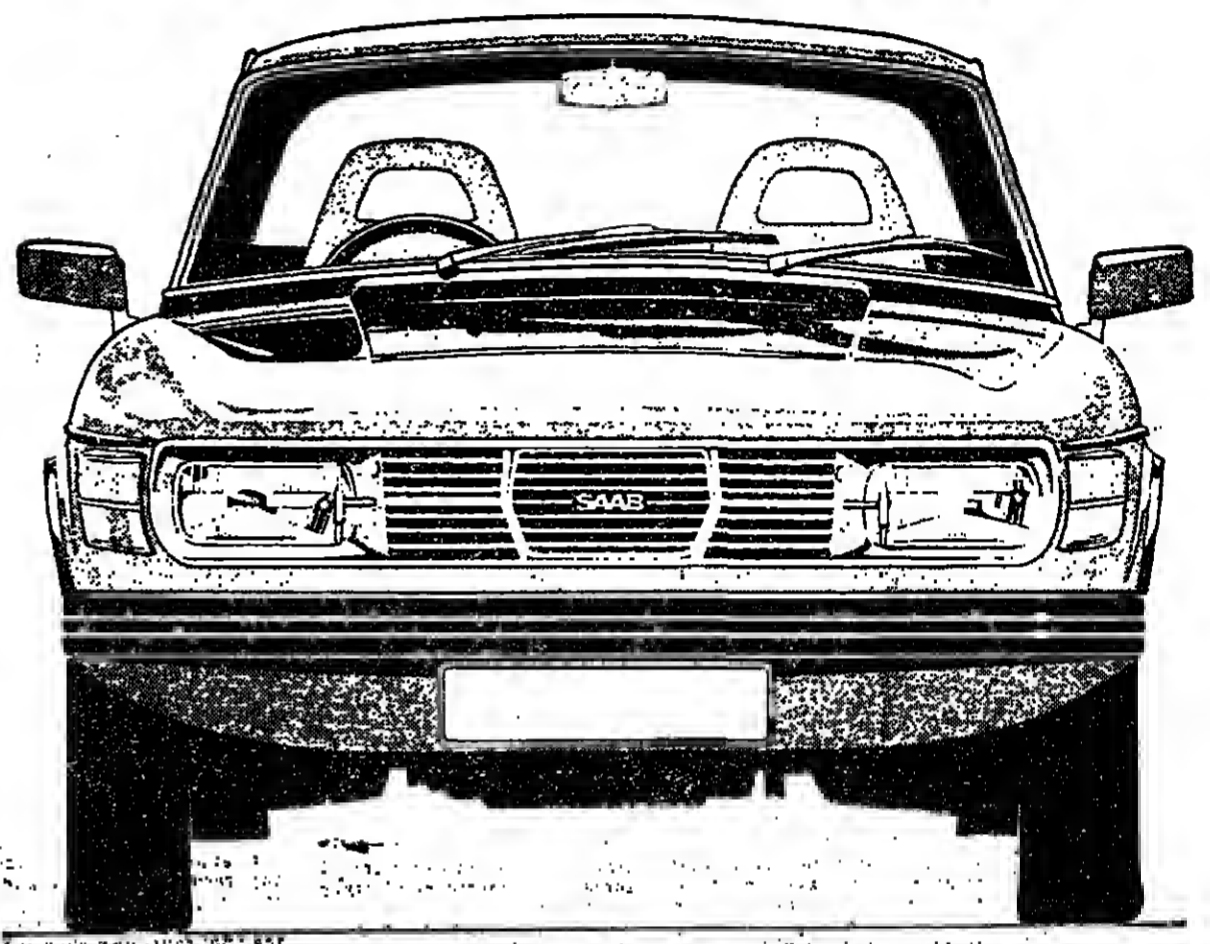
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# The Property Market

BY JOHN BRENNAN

## Fleet Street exodus?

There could be acres of empty space in Fleet Street if the Daily Express moved its printing operations out of London. And Mr. Victor Matthews, deputy chairman and chief executive of Trafalgar House and Beaverbrook Newspapers chief, yesterday confirmed that "yes, we could pull out of London. It is very definitely an option."

So far, moving is no more than an option. And Mr. Matthews classes it alongside the decision to keep options open by not going ahead with the letting of part of Beaverbrook's Alken House block. "I feel we ought to hold on... we may need some of that space." "We are," he says, "keeping the door open. We want to see how this situation develops."

Having lost a week's production in London and managed to keep the Beaverbrook presses rolling in Manchester, the possibility of a move from the Capital has been on the lips of many in the newspaper industry. At the time of its takeover Beaverbrook was already committed to completing the integration of Evening Standard staff into Fleet Street from buildings on Shoe Lane. But then the future of the Standard itself falls within the scope of Mr. Matthews' options.

Thoughts that Trafalgar had more of an eye for Beaverbrook's £22m of properties—shown in the books June 1974 valuation—than for its papers, seem to overstate the case. But Trafalgar has a pragmatic attitude towards its assets, as the Greek tycoon style of ship management and dealing has so successfully shown and as yesterday's news of £22m of assorted property sales confirm.

sales have been brought together in the announcement. The 424 bedroom London International Hotel, bought by Grand Metropolitan "is not quite the kind of hotel we want to keep," says Mr. Matthews, who has plans to sell the Ritz, the Bristol or the Cunard International. A total of 585,000 square feet of industrial and warehouse space have gone to an investment fund, the group's bank premises at 47 Berkeley Square and its South Lodge block in Knightsbridge have all been sold, bringing in a total of £22m.

## South Africans defy accountants

South Africa and Britain are the only two property markets to defy international accounting standards on depreciation. Britain's property companies have failed in their efforts to dissuade the accountants from insisting on depreciation charges for buildings and now face the prospect of heavily qualified accounts from the beginning of 1978. In South Africa, however, the property industry is putting up a fearsome rearguard action.

October's edition of the FT's World Accounting Report gives a blow by blow account of the property v. accountants battle in South Africa. The points at issue are virtually identical with the conflict in this country.

The accountants' draft report is based on the assumption that buildings are depreciable assets. The property companies' counter argument focuses on the idea that buildings depreciate, but that the value of the land on which they stand appreciates.

The accountants say that land and buildings can be separated for depreciation purposes. The companies say that they cannot.

companies argue that building cost inflation counters any nominal depreciation of buildings in replacement cost terms; that depreciation is in any case fully covered by repair and maintenance charges, and that any terms for depreciation must be entirely subjective.

In the final analysis, the South African property companies' arguments come close to the straightforward rejection of accountants' views common in the British market. As a non-cash expense depreciation would play havoc with the companies' apparent attributable profits, while at the same time forcing them to build up cash surpluses that may not be distributable to shareholders. As a property executive interviewed by World Accounting comments, "The accountants can go to hell and qualify our accounts if they want. My company is run for the benefit of shareholders, not the Society of Accountants."

## IPH's French connection

The saga of Intereuropean Property Holdings grows ever more curious.

At the beginning of 1976 Mr. Laurie Marsh, Intereuropean's chairman, announced that the group has bought out Tozer Kamley Milbourne's 25 per cent stake in a number of its key French properties. A year later Mr. Marsh was able to announce the sale of a substantial part of the French portfolio to a consortium of European banks led by a private French merchant banking house. The £150m deal was to show Intereuropean a £2.5m profit and eliminate its French borrowings.

By June this year Mr. Marsh, writing in his chairman's state-

ment accompanying accounts for the year to the end of July, 1976, said "the sales of 1-6 Rue Marie Nikis and two of our three warehouse developments, for which terms have been agreed and contracts are being prepared for exchange shortly, will result in gross proceeds of Frs 126.75m (just over £15m)."

The following month, in July, the group announced that "in order to enable administrative formalities to be completed and to allow for the French holiday period, IPH has granted an extension on amended terms... to the French banking group." The revised date was September 25, 1977.

This week IPH announced a further extension: "at the request of the purchasers, a further extension has been granted expiring on October 24, with completion scheduled for October 26, which is in line with the original completion date."

So, will they or won't they? Mr. Marsh is with his colleague Mr. Margolis in the United States. Mr. Kornis, the director responsible for France, is understandably, in France. But Mr. John Corre, a non-executive director, was able to say that "the banks wouldn't have asked for an extension if they were not serious... we are confident they will go ahead."

Intereuropean is no newcomer in on-off deals. Its profitable Classic Cinemas chain was sold to Price Freezer in 1973, but the deal fell through.

The group's Town Markets' business was sold in 1974. But the purchaser failed, and IPH had to write-off £972,000. And in the past eighteen months Mr. Marsh has periodically confirmed and denied rumours of negotiations that might have led in a takeover for the group as a whole, possibly with Alcega, which rents IPH's chain of bingo halls.

France could be fourth time lucky for Mr. Marsh. But with the shares at 26p against a year's "high" of 46p, the market seems to have its doubts.

## In Brief...

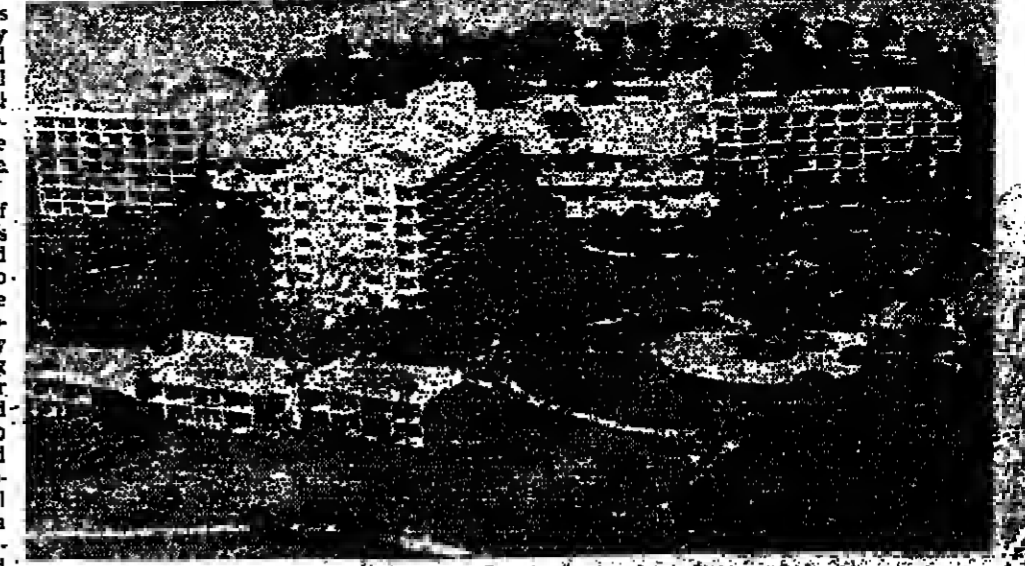
• Peterhead Harbour on Scotland's North East coast would be a logical focus for industries

servicing North Sea oil and gas platforms. But logic rarely translates directly into cash, and the appointment of a provisional liquidator to one... hopeful developer in the area, Site Preparations, has thrown a 250 acre development site into the market.

United Dominion Trust, one of Site Preparation's creditors, has foreclosed on the land and handed it over for marketing to Knight, Frank & Rutley. The agents admit that planning consents for the land are "very vague." But the site, overlooking the harbour, has been zoned for industrial, housing, hotel and office use and is expected to fetch at least £1m. Peterhead lies within the Scottish Development Area, and apart from an oil and gas related work, retains a thriving fishing industry, a number of engineering works and one of the ugliest prisons in the country.

• Rents are rising, rates are rocketing, service costs soar, but what of office cleaning costs? You guessed it, they are up by an average of 162 per cent since 1970. A survey of office cleaning costs produced by the Building Maintenance Cost Information Service show that cleaning now accounts for around 15 per cent of total occupancy costs. The BMCIS is now producing a quarterly Cleaning Cost Index which shows that costs have risen by 5 per cent more than the retail price index since 1970, by 102 per cent against 157 per cent.

• Warehouse and industrial units of up to 227,000 square feet are available at around 45p a square foot in one of the country's more unusual industrial sites, Yeading Airport Depot near Leeds. Local agents Dacre, Son and Hartley have sections of Europe's largest building under one roof on the market, the 14m square feet Lancaster bomber factory that used to serve what is now the Leeds/Bradford Airport. Built in 1939 the single-storey building was not only rammed full, but also had a herd of dummy animals for its roof. Rutley, commissioned to add a suitable site has now set the ball rolling. But if the scheme takes as long as the Central Mosque project R F and R will be battling with the planners and agents Richard Ellis and Holland.



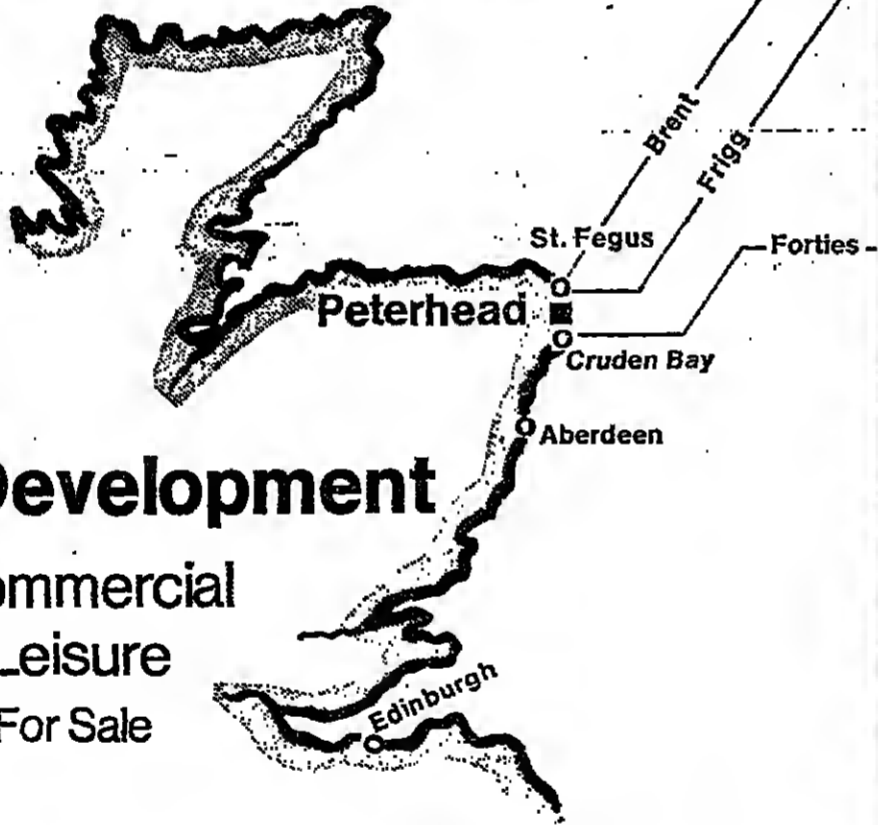
Since Hugh Lupus, first Norman Earl of Chester and chief huntsman, Le Gros Veneur - to his uncle, William the Conqueror, bounded, oaks the soces, the Grosvenors have been one of the country's leading families. Having gained distinction in the Crusades, at the Battle of Crecy and the Siege of Calais, the family acquired rather more substantial assets with the marriage 300 years ago of Sir Thomas Grosvenor to the 12-year-old Mary Davies. Mr. Davies inherited the Manor of Ebury, a marsh and meadow that became the Grosvenor's Mayfair and Belgrave estates. Rather than celebrating their ancestors' efforts with the broadsword, the Grosvenors are more

pragmatically celebrating that 60th marriage with an exhibition at the office in Davies Street, W1, running October 14. Spreading from the West End estates, the family's name now rank as some of the largest and well-known private property developers in the country. Worldwide and conservatively valued around £100m, mark Shopping centres in Chester, St Northampton, Lewisham and Staines, a major redevelopment scheme of southern edge of Oxford Street, industrial estates and an international development programme, including the 247-room 1 Beach Hotel on Maui, Hawaii, shown

Weatherall Green and St are asking £18.25 a square • Singer and Fried European Property beginning in 1970, for after its creation, the taken its portfolio to 41 mark with the purchase of warehouse and aerial space on an estate in Za one mile south of Brussel national Airport. Aik Company, property advi the Trust bought on an yield close to 10 per cent a British fund, representer Hillier, Parker, May an Gen. Alsop are negotia German office block, Street and are still active investments in G he battling with the planners and agents Richard Ellis and Holland.

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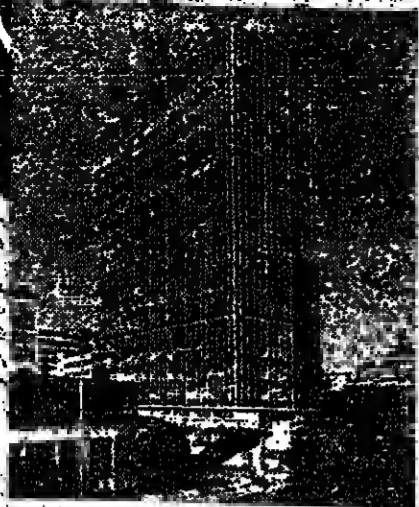
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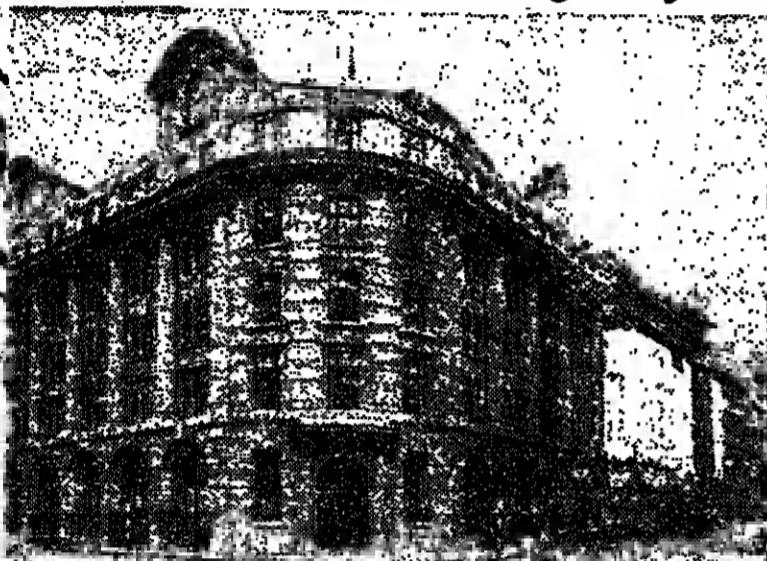
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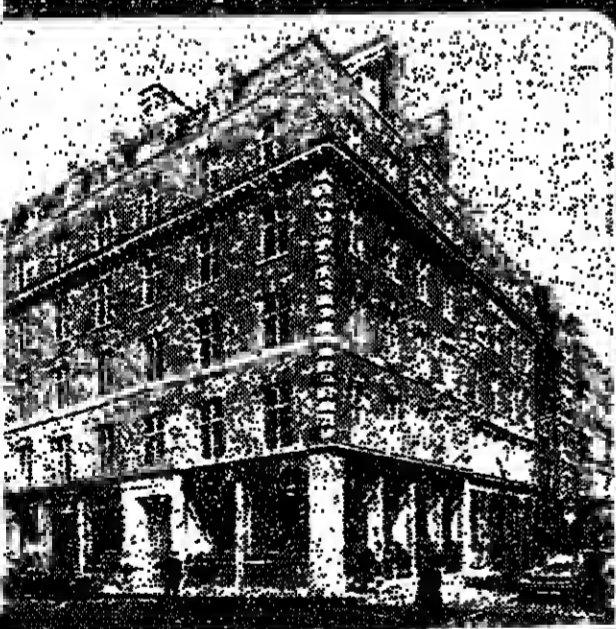
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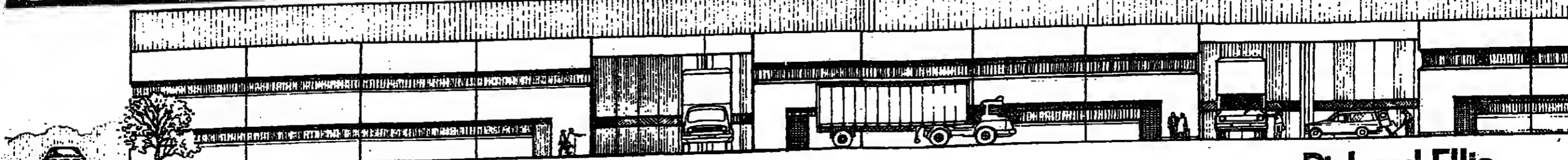
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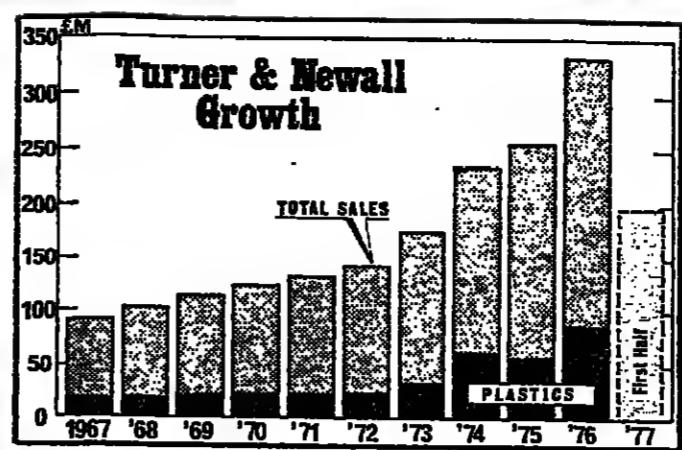
# David traces Turner and Newall's accelerated search for alternatives to its main product

## Asbestos overtaken

Reasons of availability of the use of asbestos being increasingly restricted in the next few years, and Newall—the Manchester-based company—has been known as the asbestos making sure it will not be seriously affected. After pursuing for the years a policy of gradual cation away from the still a vital component of industrial processes—company under its new name, Mr. Patrick Griffith, in over last year from Mr. Bateman, has in months stepped up the change.

Burst of take-over T and N has, since last year, brought in wing seven new subsidiaries in France, Germany, Italy and Britain. And it is awaiting acceptance of further bids—a £20m offer for Storey Bros. of which manufactures ve laminates, and a bid, made with the approval of the main shareholders Board, for 52 per cent. Chemical of the U.S.

group which recently record half-year of almost £200m, and of £24m pre-tax, has up a new subsidiary to do research on asbestos tes, and is planning to some £34m. In the year, including £20m in expanding its existing which now spread a broad field from ring and automotive parts to building prom- im of all this activity to take a stage further age which T and N has eking to achieve from



LEFT: Mr. Patrick Griffith, who has stepped up the pace of Turner and Newall's diversification since taking over as chairman last year.

ABOVE: Plastics now play an important part in the business and Storey Bros, for which T & N is bidding, would fit in with these activities.

According to Mr. Gibbs, the latest acquisition phase—due to draw to a close if the two current bids are accepted—is intended to take the policy of diversification a stage further. A key consideration on this occasion, however, has been to try to take the group more deeply into certain markets and to give it a better geographical spread of activity.

Thus the bid for Storey, which has some of the leading brand names in the decorative laminates field, takes the group closer to consumers than before, but according to the company the acquisition ties in with the existing plastics sheet and film interest of B.L.P. In addition the move gives T and N a strong position in a fast-growing sector of the building industry alongside its existing interests in asbestos-based products and another new venture, building blocks. Plastics for building and other applications are in fact seen as one of T and N's main growth areas and to meet the expected increase in demand a £14m expansion of the company's pvc plant at Ayrcliffe, Co. Durham, giving an extra 55,000 tonnes of capacity a year, is currently being undertaken.

so far in replacing the material. Glass fibre, which in woven form has replaced asbestos lagging as insulation in some applications such as ships boilers, can improve on the qualities of asbestos up to 600 deg. centigrade but at higher temperatures will disintegrate long before asbestos.

The new research unit, which will have £750,000 to spend in its first year, is intended to accelerate the efforts which the various group companies have been carrying out over recent years to find substitutes.

Considerable research has been done already by T and N and other companies around the world into the use of other fibres such as rockwool and glass fibre in some of these applications, and the T and N subsidiary, TBA, is currently increasing its capacity in glass fibre with a new plant at Hindley Green near Wigan. In most cases, however, the substitutes are only able to go

# Endeavour is rewarded

BY NICHOLAS LESLIE

SIX YEARS ago brothers Michael and Peter Connett had an idea for a business, but no money—a by no means unusual situation. Their difficulty was compounded to a large extent by their needing not only cash to start the business, but additional money to develop their planned product—a machine for filling cavity walls with foam insulation—to the point where it would be reliable and marketable.

They refused to be daunted, however, and persevered. And the success of their efforts was rewarded this week when they won the 1977 Innovator Award, with its £10,000 cash prize, presented by Technical Development Capital, a subsidiary of Industrial and Commercial Finance Corporation. The award is given annually for the best business strategy to exploit an innovation—and the case of the Connett brothers certainly provides an excellent example of such endeavour.

The two brothers realised that they would not be able to set finance for their project; at that time they were ignorant of sources of capital other than clearing banks, and so set about solving their problem another way. They set up a general engineering company, Beaconet Engineering, and did sub-contract work in an effort to generate cash themselves.

Since they were young—Michael was then 19 and Peter 23—and unmarried, they worked long hours, giving "good prices and deliveries," says Michael, and for two years took out only £5 a week each from the business; all other earnings were ploughed back. During that time, admits Michael, "we were living at home and being kept by our mother" (who had recently been widowed).

Both brothers had engineering backgrounds, Michael in textiles machinery and Peter in chemicals and plant working; for a cousin's company which built machines for foaming polyurethane. Within 18 months they had generated sufficient funds to develop their cavity wall foam machinery, together with ancillary equipment. For this, they set up a separate company in Salford called Beaconet Equipment (Sales).

Over the next two years they sold nearly 200 machines, but continued to develop and refine the models. Although eager for sales, nonetheless, they were choosy about their customers. They insisted, as a condition of sale, that the customer, at its own expense, should undergo a Beaconet training programme to become totally familiar with the machinery and that it should also get chemicals from an approved, and small, list of chemical companies. This philosophy of training before a sale is made has been maintained to this day because, says Michael Connett, it ensures that the quality of operation and reliability of the machines is controlled. "We can all sell things, but you can kill your market by being too greedy," he remarks.

Their success, however, took a knock after two years when their machine was copied by a large company. Seeking to offset the effect of this by extending the use of formaldehyde foam, by chance they latched on to the idea of injecting the foam into voids in concrete building blocks during the manufacturing process. This, however, posed difficulties because existing technology resulted in the foam resinating as it was injected. Because they could find no solution from making approaches to chemical companies they developed their own method of injection.

Reflecting on progress in date, Michael Connett says that setting the company to the stage where it could afford to employ specialists for such functions as finance and marketing rather than doing it themselves was the most difficult task. Although he is generally rather disparaging about the ability and willingness of clearing banks to finance on different forms of financing other than overdraft and similar facilities, Michael Connett has had considerable support from the Midland Bank since switching to it several years ago and was also helped through a difficult patch by the National Research and Development Corporation which put up some funds.

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### New areas

With asbestos activities accounting at that time for around three quarters of group sales and profits it became clear that a move into new areas was necessary. Mr. Gibbs points out, and a policy of diversification was implemented under the then newly elected chairman, Mr. (later Sir) Ralph Bateman. The possibility of moving into new fields or into consumer products was examined but to the management at the time it seemed sensible to stick largely to areas where it already had expertise—such as in building—as a result of its involvement in asbestos. Before the Rhodesian loss T and N had taken over British Industrial Plastics, a company which had seen the opportunities for plastics in buildings, one of the main outlets for asbestos. The next acquisition, Engineering Components, gave T and N a similar broadening of its interests in the motor industry where it was already firmly established through Ferodo, which manufactures asbestos-based brake linings and disc pads.

### Gap filled

Thus in filtration equipment, T and N has acquired Jones Filtration to add to its existing Cooper business in the U.K. which has proved vulnerable on its own to the vagaries of the U.K. motor industry. In brake linings the group is one of the big names throughout Europe able to offer the car industry supply from plants in the U.K., France, and Italy, but a gap at the heavy commercial vehicle end has now been filled by the purchase of Brake Linings of Buxton.

The group has also bought 80 per cent of the friction material interest of the Maremont Corporation in the U.S., a small-scale producer of brake linings compared with T and N itself and in North American terms. T and N is hoping the new company it has formed, Nuturn, will enable it to take advantage of the likely switch in the U.S. towards European type vehicles using smaller and lighter components.

Its other recent purchases have given the company a bigger stake in the automotive gasket business in France and Spain and in the industrial

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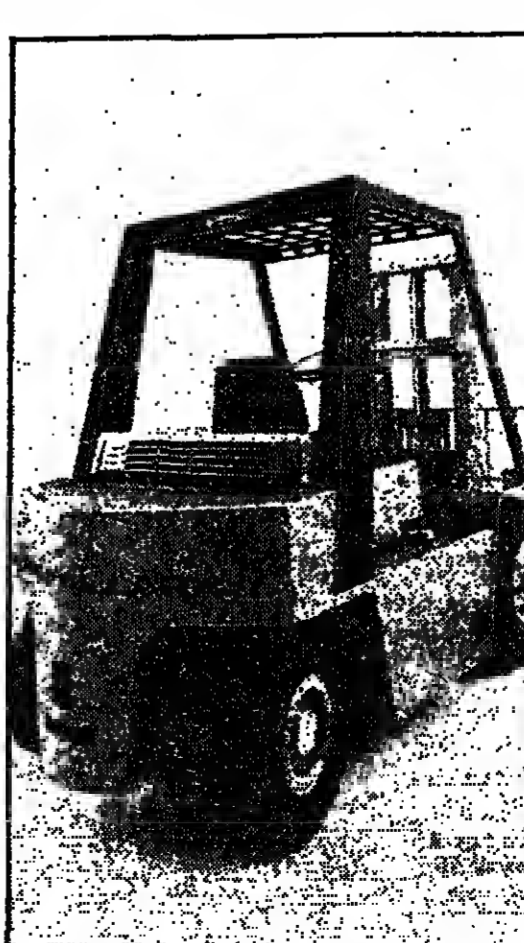
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Friday September 30 1977

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# Venezuela

Venezuela is one of the very few parliamentary democracies in Latin America. The country has become very prosperous on the basis of its oil, though much still has to be done to spread the wealth and ensure that it is managed properly.

### BASIC STATISTICS

Area	352,143 sq. miles
Population	42.36m.
GNP (1975)	Bs. 112bn.
Per Capita	Bs. 9,347
Trade (1975)	
Imports	Bs. 20,26bn.
Exports	Bs. 49,16bn.
Imports from U.K.	£91.6m.
Exports to U.K.	£165m.
Trade (1976)	
Imports from U.K.	£129m.
Exports to U.K.	£118m.
Currency:	
Bolivar	£1 = Bs. 7.48

**JUBILEE** with Venezuela newspapers are so braced Argentinian reader in Buenos Aires pick up La Opinión breakfast and reveal headline prose of the commentators, savour opinions about how Brazil is to overthrow Government; in São Paulo your morning paper lemon you could unpeel to tell the exact temperature with reference to the amount of censorship on O Estado de São Paulo newspaper is all in the blank space between recipes and stanzas of renaissance epic ads; in Santiago to-day still measure the love and the amount in the relationship Chilean establishment serial Pinobet by studying morning tea the articles in El Mercurio; it is always interesting compare the contents of the Communist Party with what is being from the radio transmission Miami.

across there are no such delights. The news record Venezuela as it ups brewing, no censoring, and a negligible right-wing extreme in ent, and a negligible Party. There is a hel from time to time, crop of murders and

the bizarre contrast of glittering millionaires' parties and the poverty of much of urban Caracas. But politically the capital's Press has none of the strong red meat of kidnappings, coup, violence and censorship that is the staple diet in La Opinión and the rest.

This makes for a much less exciting life for the journalists of Venezuela but, more importantly, it goes to show that the country is an infinitely more stable, free and contented place than most of the rest of Latin America.

### Foundations

The bases of Venezuela's parliamentary system now look as though they have been set in very firm foundations. The country enjoyed nearly two decades of parliamentary government. The last presidential elections, conducted freely and cleanly, took place in 1973 and Sr. Carlos Andrés Pérez won them on the ticket of Acción Democrática, the slightly left of centre social democratic party. The following year he took the oath of office from President Rafael Caldera, leader of the Social Christian COPEL who had won it five years earlier from Acción Democrática. Few Latin American countries—indeed few developing countries—can claim to have reached the level of political sophistication which allows two parties to cede gracefully one to another with-

out bloodshed. But Venezuela At the same time the parliamentary structure is flexible and strong enough to accommodate fringe groups, some of radical disposition. Tolerant Venezuelans accept the presence in politics of the dwindling right wing band of supporters of the last dictator, the discredited General Marcos Pérez Jiménez. On the Left there is a lush undergrowth of parties which, if they were ever able to pull together would present a powerful alternative to the two main groups. Few parties can claim that their voice is not heard.

The benefits that such an open system gives Venezuela are enormous and, one suspects, not sufficiently appreciated by those Venezuelans who are violence and ossification which are the by-product of the dictatorship that are the rule in much of the rest of the region and which they escape.

Though less than 20 years old the parliamentary system has struck roots which could prove difficult to pull up. More than a year before the next presidential elections the rate is already on. Acción Democrática has already chosen its candidate after a U.S.-style primary election. Luis Pinerúa Ordaz is in many senses the opposite of Carlos Andrés Pérez. Short rather than tall, taciturn rather than loquacious, interested in local problems rather than the Third World and Venezuela's

place in it, tending for the present to be much more of a party man and less of an independent force than President Pérez has proved himself to be, less rather than more charismatic. Flavia, as he is familiarly known, is the favourite. Adecos, members of Acción Democrática party machine and its very lacklustre earnestness will appeal to voters who have witnessed since 1974 that President Pérez was not always able to do what he had announced he would do.

### Uncharismatic

COPEL, for its part, has selected an equally uncharismatic candidate in Sr. Luis Herrera Campins who shares many of Sr. Pinerúa's characteristics, even down to enjoying the support of COPEL's founding father, former President Rafael Caldera in much the same way as the adecos candidate enjoys the harkling of Acción Democrática's founding father, former President Rómulo Betancourt.

COPEL, which with about half a million registered members has less than half the paid up grass roots strength of Acción Democrática, is banking on its candidate appealing with a soberer image and on voters' impatience with the unfulfilled promises of adecos rule and air of financial scandal that has hung around the Pérez administration. Such are the candidates of the big battalions.

the Movimiento al Socialismo or MAS, has been faltering for the past few months. The ideological divisions which parties of the Left anywhere in the world are a prey to have weakened MAS's thrust and some members will not be wholehearted in their support of the party's declared candidate Sr. José Vicente Ángel. As in France the parties of the Left have found it all but impossible to agree among themselves. Thus MAS will be competing with two other left wing candidates.

The MIR or Movement of the Revolutionary Left which in the early 1960s was committed to the armed guerrilla struggle is gunning to the polls with its candidate Sr. Amorico Martín under the banner "Clean Hands," a reference to the financial inadequacies of Acción Democrática and COPEL and the tiny and ageing Venezuelan Communist Party is also bidding for the presidency. The net result of this seems to be that MAS will end up with perhaps no more than 10 per cent. of the votes with 1 or 2 per cent. each going to the MIR and the Communists.

With more than a year to go before polling the forecasting must be very fallible and subject to the decisions of others who may launch independent candidacies. Sr. Renny Ottolina, a TV and advertising personality whose face appears on Venezuelan screens and hoardings with tiring regularity and who can be said to be the nearest local equivalent to Mr. Robert

Morley, has hinted broadly that he would like to stand. This fact is taken by some to be proof of the all-embracing nature of the Venezuelan parliamentary system and by others of the trivialisation of politics.

In a more serious category is Sr. Diego Arria, former Governor of the Federal District and now Minister of Information and Tourism.

Politically an independent, Sr. Arria is energetic, intelligent, young and ambitious and his entry into the ring could make the race between Acción Democrática and COPEL more unpredictable than it presently is. Sr. Arria is playing down the idea of his candidacy at the moment but it is obvious that his presidential ambitions have not faded for good.

To judge by all the activity the parliamentary engine is in good shape, with all cylinders working. But here a question arises in the minds of some observers of the Venezuelan scene. Is it pulling in the right direction along the right lines? The pessimists say it is not. They argue that the apparent flexibility of the political machine to the will of the majority of the people is a mirage. They contend that the reality of Venezuelan politics is that of two super-parties, ideologically indistinguishable and practically identical when it comes to the execution of policies. Both are arms of the same establishment which is unwilling to take the measures

which would guarantee a minimally decent life to the hundreds of thousands who do not at present have access to it.

Buttressed by great financial resources they use every artifice of the publicity man's repertoire to humbug the voter into thinking they are curing the country's problems. The pessimists point to the inability of successive governments, even with the enormous oil revenues at their disposal, to bring agriculture to any reasonable level of efficiency or, say, to ensure that new cities like San Félix in the new industrial development pole of Guayana has adequate sewerage or refuse disposal. The parliamentary facade will, they say, sooner or later be torn down by people who have become disaffected with the jobbery and inefficiency of governments who are incapable of managing the State's flood of money but who see to it that they [line their pockets first and look after the public good after.

### Weakness

The optimists on the other hand say that Venezuelans have traditionally had a weakness for bread and circuses—particularly circuses—such as they are being offered, and that they are ignorant of two main parties which they trust somehow to middle through. The average voter, this argument goes, is very conscious that Venezuela just has not got the skilled manpower to put all the oil money

to good use and as long as the two parties look as though they are trying he will stand by them.

How far one side or the other is right will not be revealed until the results of next year's election have been announced and it is shown how far the voters — for whom voting is compulsory — have boycotted the main parties, spoiled their votes or cast blank votes.

The Venezuelans can meanwhile take comfort from the fact that their oil wealth will keep them prosperous for many years yet. Though proven reserves from conventional sources do not guarantee that the country will be able to continue producing at the present rate of 2.2m. barrels a day, even up to the end of the century the reserves locked in the Orinoco Tar Belt assure Venezuela of ample supplies well beyond that date. At the same time Petróleos de Venezuela, the State oil company, is beginning a big new programme of exploration which in all likelihood will reveal new oilfields. A very big challenge is now to train Venezuelans to a level that would allow them to take proper control of all their resources. If the large amounts of money that the State is spending on education at all levels, at home and in training Venezuelans abroad pays off — and there is no reason to believe that it will not — then Venezuela will have achieved a very enviable position in the world.



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VENEZUELA II

A study in financial planning

VENEZUELA'S POLITICAL leaders have reached the threshold of the most challenging period in the country's economic history. The Government — which generates over 60 per cent of the gross domestic product (GDP) and supplies more than 40 per cent of the nation's fixed capital investment — has clearly opted for a system of "State capitalism" where the official sector is senior partner, macro-economic guide and rule-maker in its relationship with private investors.

Although the private sector's role remains essential in Venezuela, it is a foregone conclusion that the Government now defines overall economic strategy, elaborates the rules and calls most of the shots.

When the Treasury was awash in petrodollars a few years ago and the Government's main economic commitments had yet to be made, everything looked rosy. But over the next several years the Government will see its income remain at a relatively fixed level while commitments to costly projects in heavy industry, transport and public works, plus a variety of other demands on public funds, will place tremendous pressures on available resources. Venezuela's politicians and Government economists have never before been called on to deal with a similar set of circumstances. Their decisions in the years to come will be crucial in determining whether Venezuela achieves a real measure of social and economic progress, or whether it remains an underdeveloped country with tarnished dreams and a mountain of unpaid bills.

The Government of President Carlos Andres Perez is currently implementing a grandiose social and economic development scheme whose fundamental elements are incorporated in a document called the Fifth National Plan. The plan charts a course of massive Government spending between 1976 and 1989 designed to reduce the country's top-heavy dependence on oil revenues, establish a solid industrial and agricultural base and redistribute national wealth through the creation of hundreds of thousands of jobs and the re-orientation of private sector spending.

This blueprint for national development foresees public and private investments totalling

over \$52bn. (according to prices adjusted for inflation through 1980), with Government spending estimated at \$27.5bn, and private sector outlays at \$24.5bn. The Government, which has already reserved the lucrative petroleum and iron ore industries for itself, is investing heavily in steel, aluminium, hydro-electric and thermoelectric power, agriculture, public works and social improvement programmes on a broad scale. It hopes to channel private investment—spurred by official incentives—into areas such as agriculture, small and medium industry, tourism, general commerce, secondary and tertiary stages of the petrochemical industry, and a number of services.

Public

Government planners expect to finance the public sector's share of expenditures through petroleum revenues from the nationalised oil industry, loans from the Government-owned Venezuelan Investment Fund, now with assets of over \$6bn, and approximately \$5.3bn, in borrowing at home and abroad. Foreign borrowing for 1976-80 should reach around \$4.5bn, according to official estimates. So far this year the Perez Administration has raised \$1.6bn on foreign capital markets through a syndicated loan for \$1.2bn, and two bond issues of \$100m. each. Negotiations are now under way for additional foreign credit operations, including a \$350m. loan and a \$200m. Republic of Venezuela bond issue that could be launched in Japan by the end of the year.

Like other members of OPEC, who have begun to implement extremely ambitious development programmes, Venezuela has found that problems and bottlenecks abound; its ports are hopelessly clogged with imports of all types; shortages of building materials slow down innumerable projects; costs are rising at an alarming rate and a dearth of skilled human resources threatens to place severe limitations on almost every aspect of the Government's master plan.

The last problem is by far the most serious, and is one which cannot be resolved in the short term. Nevertheless, the Perez Government has sought development to ease the whole gamut of manpower shortages by imple-

menting a three-pronged approach which includes wide-scale training at Venezuelan universities, technical schools and other institutions; a foreign scholarship programme that now has thousands of Venezuelans studying all over the world and a plan of selective immigration aimed at attracting skilled workers, technicians and professionals. At the same time, foreign companies carrying out large-scale projects generally are required to provide training to Venezuelan personnel and the Government has tried to oblige local private firms to train significant numbers of new apprentices.

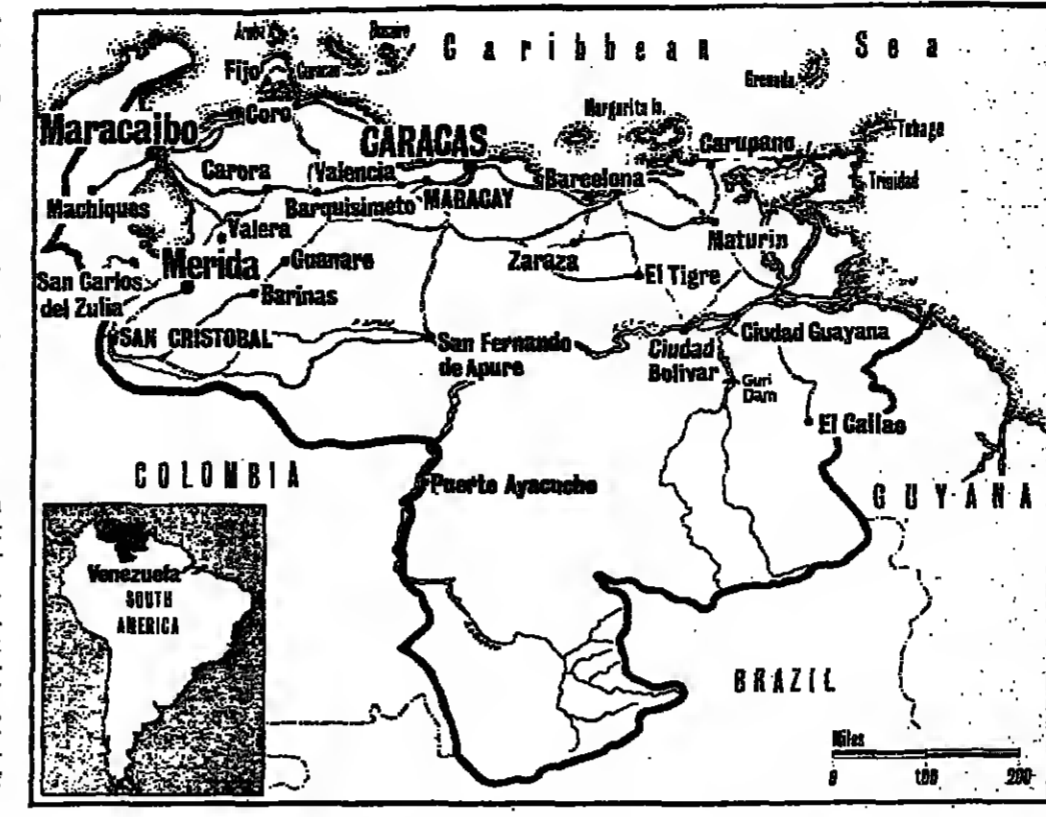
A great disadvantage in Venezuela, though, is the fact that the public education system has been neglected for decades and even now barely functions at some levels. Despite gargantuan Government efforts to improve public education, the task will require many years. And private schools, while in general far superior to State institutions, only account for a small fraction of the student population.

Each of the Government's key human resources initiatives has encountered some degree of success. But the sheer magnitude of the problem clearly indicates that the Government must lower its goals, accept long delays and extend project deadlines. Indeed, the Government already has quietly revised its objectives in a number of areas.

Turning to the state of general economic activity, Venezuela still presents the image of a nation riding the crest of a petroleum boom. But a number of disturbing factors is becoming more and more apparent. Some of these factors are transitory, and are part and parcel of the country's developmental growing pains. Others, though, are more deeply rooted in official economic policy or in the structure of the economy itself.

Elements which have received considerable attention here and abroad during the past several months include:

Unprecedented importing of popular foods and periodic shortages of basic items such as eggs, meat, coffee, chicken, cheese, vegetables.



- Double-digit inflation, held under control since 1974 by government price regulations, has yet to be checked by real increases in domestic production and/or productivity.
- Consistent overspending by the official sector, compounded by waste and corruption, have eroded confidence in the Government's ability to carry out its own programmes.
- Looming balance of payments deficits and central Government budget deficits, coupled with mounting government debt.
- Possibility of a long-term capital flight in the private sector, and current insecurity among many investors as a result of recent Government economic measures taken to limit bank liquidity, eliminate speculation in construction, spur investment in "middle income" housing, control the use of credit cards and freeze prices on a range of goods and services not already subject to price controls.

These issues undoubtedly pose serious problems for the Venezuelan Government, and for the most part are receiving serious

attention from State economic planners. But predictions on the Government's course of action are hard to make at this point since the current administration will leave office in March, 1979. Quite understandably the Perez Administration wants to complete its five-year term without precipitating any major economic upheavals, and plans to leave behind a record that will be appreciated by all Venezuelans—especially the ones who vote. It is normal to expect that the Government and the ruling Accion Democratica Party (Democratic Action) will spare no expense in their efforts to recapture the presidency and a congressional majority in next year's national elections. What this suggests is that unpopular measures such as lifting price controls, cutting imports of popular items or limiting spending on highly visible social action projects will not be taken until the next administration comes along.

Extravagances

The interesting thing about Venezuela's economy is that the country can get away with extravagances that no other Latin neighbour could hope to without courting fiscal disaster. The Government is rich enough temporarily to ignore fundamental solutions to certain problems, simply papering over shortages, distortions or gaffes with liberal applications of money.

For example, when Venezuelan markets ran out of chicken, eggs, beef and other goods earlier this year, the Government airlifted in the items from the U.S., Central America and other areas. Blackouts and brownouts in the capital and other major cities a few months ago brought on major inconveniences and caused some people to predict a "crisis" in electric power supply. The "crisis" resulting from hefty increases in domestic food industrial demand and a low reserve factor in production capacity, was almost immediately defused when the Government imported millions of dollars in small generators, which will cover the gap until the country's biggest thermoelectric power projects go on-stream.

If these problems had occurred in less fortunate Latin American countries, the people would have had to make do without chicken, electricity or whatever. "When we run out of eggs in Uruguay," a journalist from that country said, "people stop eating eggs. But here, they'll import anything they need. Who cares how much it costs? The Government picks up the bill."

The question remains, however, as to just how long Venezuelan governments will be able to pick up the bill? How far will the official sector continue to subsidise the economy? And how much longer will it be able to do so?

The solution to the country's agricultural problems will not disappear overnight. This year's widespread food shortages present a special case. Although Venezuela has relied on imported foods for some time, last year's disastrous weather conditions—advised to the traditional complications plaguing farmers—caused a sharp decline in production. That, plus sharp upswings in demand since 1974, forced the Government and businessmen to bring in unprecedented quantities of imports. Even though this year's agricultural outlook is far better than that of 1976, experts say it will take several years for investments in crop and cattle raising to pay off, given the best of conditions. And when domestic food production begins to meet demand, politicians will have to face the issue of allowing farmers to earn profits that will encourage them to stay in business. Until then, however, the Government will be obliged to continue importing and sub-

sidising agriculture, unless it is willing to face the politically chilling consequences of shortages or high retail prices.

Another major problem that will probably be left in the lap of the next Government is inflation. In the Caracas Metropolitan Area, the Government reported that prices rose by 2.9 per cent in 1972; 4.1 per cent in 1973; 12.2 per cent in 1974; 10.2 per cent in 1975 and 7.7 per cent last year. Since 1974, Government spending has gone through the roof, bank liquidity has reached the highest levels ever and consumer demand has rocketed on almost every front. Retail price levels, which remained very stable before 1974, moved up abruptly as the oil boom began. Despite price controls on a wide assortment of consumer items, inflation has been felt keenly since 1974, and real cost-of-living increases are estimated to be between five and ten points above the official rate, depending on the year in question.

The Venezuelan Central Bank reported that retail prices rose by 8.2 per cent for January through May of this year—up from 7.1 per cent for the same period last year. Wholesale price increments year-over-year were: 15.5 per cent (1974); 13.5 per cent (1975) and 8.0 per cent (1976). For the first five months of 1977, wholesale prices rose by 9.3 per cent, as compared with 7.0 per cent for the same span last year.

Production since 1974, has generally not been capable of keeping pace with spiralling demand, especially for mass-consumption items. Demand-pull inflation and rising costs for domestic manufacturers have combined to create tremendous inflationary pressures in some sectors. But the Government's answer has normally been to allow things to reach a critical stage, then grant a price increase. In some cases, it has decided to provide subsidies or turn to imports.

Many Government officials realise that the country cannot forever afford to offer its citizens sugar, petrol, coffee and a host of other items at prices below production costs. They also realise that producers who obtain marginal profits have no incentive to expand. In the case of powdered milk, an extremely popular item among the nation's poor, the Government decided to buy out foreign producers, manufacture the product itself and market it at "popular prices." But this practice cannot be applied to every industry.

At some point, the politicians will have to make a decision on prices. But a policy change will probably not be forthcoming until subsidies reach an unacceptably high level, or until production slumps in key consumer areas. Up to now, the

pressures have not reached a critical level in either of these areas. Finance Minister Luis Jose Silva Luongo told a group of foreign businessmen recently that he believed that controls must be maintained on "essential" consumer items until increased production allows prices to reach an acceptable level. There seems little doubt that most price controls will remain in effect at least until 1979.

Monetary liquidity, another area of concern for the Government, grew by 23.5 per cent last year, as opposed to 47.4 per cent for 1975. At mid-year, the Central Bank warned that liquidity might show an increase of 31 per cent by the end of 1977, but since then has set new reserve requirements on Government deposits in private banks and financial institutions. The new Central Bank resolution, which orders a reserve of 75 per cent on all Government sight and time deposits by the end of the year, is one of the Government's most recent anti-inflationary measures. It was announced in July along with a package of other norms which included new sets of price controls and limits on profits earned from real estate sales.

Concern

Since higher oil prices permitted the Venezuelan Government to triple its income in 1974, central Government budgets have reached around \$10bn. per year. This year and next, the figure will probably be higher. (The 1976 and 1977 budgets were swelled by additional income from foreign loans. Last year the Government borrowed \$1bn. from a syndicate of foreign banks in order to consolidate a package of short-term debt accumulated by various Government agencies, and this year's borrowing for development programmes will probably reach \$1.5bn.) Besides spending described in the central Government budget, State-owned companies and autonomous institutes also manage large sums of money. While the Central Government spent \$9.82bn. in 1975, for example, all Government expenditures for the year amounted to \$16.4bn. Figures on last year's total official spending are not yet available.

The central Government last year took in \$10,000m. and approved spending totalling \$10.37bn, apparently producing a deficit. Part of the Government approved spending for the year, though, was a \$361m. transfer from the Treasury to the State-owned Venezuelan Investment Fund. The Government pointed out that if it had not been for this internal transfer, the budget would have shown a healthy surplus.

It Finance officials also pointed out that if the Government did not make the transfer until well into 1977, apparently because the Treasury was a bit lower on funds than administration officials had expected, another slightly embarrassing situation developed when preliminary figures, published in March, showed a balance of payments deficit of \$286m. for 1976. The latest information available from authorities put the balance at a surplus of \$42m. for 1976, down from surpluses of \$2.66bn. in 1975, \$4.2bn. in 1974 and \$636m. in 1973.

As the Government brings in quantities of expensive capital goods over the next few years and continues spending heavily on food imports, it will be natural for the balance of payments to go into the red. Since petroleum makes up virtually all of Venezuela's export revenues, and since the Government has indicated it will keep production at current levels in order to conserve crude oil reserves, the country cannot easily avoid accumulating BOP gaps. A World Bank review of the Venezuelan economy pre-

dicted that these deficits would occur as the country moved ahead with its industrial development plans, and saw dangers for the economy over next few years.

Local bankers are notalar by the prospect of upcoming balance of payment deficits long as they are controlled do not become chronic. They point out that as projects steel and aluminium come stream in the early 80s, Venezuela should be able to make steel in the place of now being imported. At the same time, the country's aluminium project—Venezuela is slated to export most production of 280,000 tons year to buyers in Japan.

Despite burdens, such as limited manpower, waste, dependence on the public sector, and seemingly unworkable Government policies, local bankers, local businessmen and Government officials view the country's future with optimism. They believe that Venezuela will move steadily, as development takes shape over the next ten years, in spite of its obstacles.

Progress will come much slower, than Government expects, a banker said. "We'll see a lot of delays, a very high domestic price level. But Venezuela can afford it as long as the industry stays competitive. The key of course, is to keep the nationalised industry guaranteed the Government an annual income of \$7bn. and there is no real doubt that the situation will change. The industry is highly qualified, professional and up-to-date, and has been of political influence. Industry leaders are mapping growth plans which will Venezuela's oil exporting at an efficient and stable level for many years to come."

Sharpest

Perhaps the sharpest criticism of the Government's development plans is from Vice Minister of Finance, Ivan Pulido Sr. Pulido, an experienced economist, quit the Government as a result of objections to the Fifth National Plan, and now acts as a Shadow Finance Minister, criticising the Government's over-ambitious spending programmes, lack of fiscal control, overestimation of income, violation of its own oil-valuation policy. The Finance official also pointed out that the Government is obliged to adopt more "servative" spending schemes over the next few years.

Sr. Pulido's arguments, generally quite accurate, are shared by a number of bankers and businessmen. One Central Bank economist, while admitting that Government spending will continue over the next few years, said: "The country's ability to handle the situation will be a real test. We'll just have to eliminate our postpone projects." A foreign banker in Caracas when asked about the country's prospects over the next decade gave this reply: "A lot of it could go wrong, and the Government will surely make its blunders. But even if it does, next year the banks won't desert Venezuela. They have an investment."

By Joseph A. M. Caracas Correspondent

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# Economic growth at a price

IN 1976, Venezuela's third of petroleum boom, the economy expanded at a rapid pace. According to many indicators released by President's third annual report to the Nation earlier this year, the contribution of oil, mining and agriculture to the gross domestic product diminished. Paradoxically, contractions in the oil and mining sectors have no problems since cut in these areas were accompanied by increased revenue.

Oil production last year reached an average of 2.29m. barrels/day, down 1.94 per cent. from 1975, but still above the Government's conservationist target of 2.2m. h/d.

Oil exports for 1976, the first year of activity for Venezuela's nationalised petroleum industry, averaged 2.15m. h/d, up 1.96 per cent. over the previous year. Proven conventional crude reserves at year-end were 18.3bn. barrels, a 0.7 per cent. drop from the year before.

Venezuela's international financial reserves at the end of December totalled \$8.57bn., a 3.2 per cent. drop from 1975, but still the highest in Latin America.

## Conservation

The Central Bank estimated a 7.7 per cent. cost of living increase last year for the Caracas metropolitan area, a drop from the inter-annual increase of 10.2 per cent. registered at the end of 1975 and 12.2 per cent. for 1974. Wholesale prices, according to the Central Bank index, rose by 8 per cent. in 1976, as compared to 13.5 per cent. for 1975 and 16.5 per cent. for the previous year. (Retail price increases have remained relatively low due to price controls on a large number of popular consumer items. However, private sector sources put real inflation at between five to ten points above the official rate. Prices of non-regulated consumer goods and services and real estate values have soared since 1974.)

Bank liquidity increased last year by 23 per cent., in sharp contrast to the 1975 growth rate of 47 per cent.

The Finance Ministry reported that Government debt at the end of December (not including floating debt) totalled \$5.2bn., up 75 per cent. over the 1975 year-end level of \$2.96bn. The foreign debt component accounted for 63 per cent. of the total, the ministry said, while internal liabilities — including a hefty share of government-to-government obligations — made up 37 per cent. These figures have changed considerably since the end of 1976. By mid-1977, the Government had contracted an additional \$1.4bn. in obligations to finance heavy industrial projects, and other loans are expected before the year ends. The Government's general borrowing scheme, as outlined last year in the Fifth National Plan, foresaw foreign borrowing of about \$4.5bn. and domestic loans and bond issues accounting for around \$1bn. between 1976 and 1980.

## Infusion

The Government's biggest flop in 1976 was agriculture, but the blame cannot be laid solely on bureaucrats for most of the sector's problems. In spite of an infusion of hundreds of millions of dollars in Government and private bank credits, subsidies, tax incentives, rural highways, irrigation projects, a national silo programme, and a host of other things, agriculture's share of the GDP shrank by 1.8 per cent. Government planners had projected an increment of 9 per cent. Food imports rose, and the Government alone reported it had spent \$443m. on agricultural imports in 1976, a 35.4 per cent. jump over 1975. This figure, however, does not include private sector imports and black market activity.

The impact of last year's

shrinkage in crop and livestock output is being felt now in nagging shortages of popular food products that caused the Government to open the doors to massive imports by the private sector. This is in addition to the heavy importing already being carried out by the Government's agricultural marketing agency.

Who were the perpetrators of last year's disaster? Government spokesmen claim that the principal culprits were disastrous floods in some parts of the country and drought in others. Pests and plant diseases were also a serious problem and rats virtually destroyed the entire rice crop in the country's biggest rice-growing state.

While admitting that weather did indeed have a lot to do with the country's agricultural misfortune, farmers and other observers outside the Government lay a great deal of blame on low prices to crop farmers, unco-ordinated and extravagant Government spending, a lack of technical assistance in the field, and poor regulation of millions of dollars in agricultural credits. Part of this money, loaned in good faith to big farmers, was invested directly in high-yield construction projects in the Venezuelan capital, or in fancy real estate in the U.S.

NOTE: Figures and percentages used in this article are based on the most recent set of Government statistics available covering the economy as a whole. At the time this article was being prepared, the Central Bank was about to release its definitive report on the 1976 economy. The bank's economic review may obtain figures which vary significantly from earlier official estimates.

J.A.M.



Venezuela's biggest source of hydroelectric power, the Guri dam in Ciudad Guayana, which should produce 9 000 MW by the 1980s.

# British traders live in hope

THE tide of the country's buying spree. Venezuela is one of Scotland's best overseas markets for Scotch, Leyland buses are rolling along the streets of Caracas for the first time for a long time, and British Steel and London Transport have been retained to help the Venezuelans make decisions on their capital schemes. Exports to Venezuela in the first eight months of this year totalled \$102m. and the hopes are that, helped by buying of consumer goods for Christmas, the total by the end of the year will have topped £200m. If it does not, it will not be the fault of the distillers who have pushed sales in their section in the first eight months to nearly £19m., a big jump from the £10m. of last year in the same period of work.

Beverages are now the second most important item on the Venezuelans' shopping list in Britain, exceeding electrical machinery and beginning to rival the most important item, non-electrical goods.

Venezuelan exports to Britain are, predictably, falling and totalled in the first eight months less than £44m., the result of Britain halving its net take of the oil that it now produces for itself. Thus, despite

the disappointments Britain has an increasingly positive trade balance with Venezuela, augmented again by large receipts on the invisible account, particularly in insurance and remittances to the oil industry. Though it is difficult to estimate the precise amount coming to Britain on the invisible account, some authorities put it as much as £100m.

Rivals

How best to push up British sales to rival those of the U.S. and Germany is still exercising British trade representatives. Mr. Edmund Dell, the Trade Secretary, Mr. Ted Rowlands, Minister of State at the Foreign and Commonwealth Office, and Dr. Dickson Mabon have been recent visitors to Venezuela, while Britain has invited the Venezuelan oil and education ministers to talks here.

Attention is being given to the development of cultural and technological relationships in the longer term so that Britain is accepted as an important source of education and skills. Conclit, the Venezuelan Government's national science and technological research council, has opened an office in London with the aim of keeping abreast

of those developments of interest to Venezuela and establishing relationships between European and Venezuelan research centres and industrial centres.

Britain has become second only to the U.S. in the number of Venezuelan students it has taken for higher education under the Government's Gran Mariscal de Ayacucho scholarship scheme. Of the 1,400 Venezuelan students in the U.K. 1,076 are Ayacucho scholars with State bursaries. The British Council, which inexcusably took the decision to close its operation in Caracas, reopened in 1973 and now helps to administer the scheme in Britain.

The British Council office is also opening British cultural centres next year in Maracaiho and Ciudad Guayana, principally for the teaching of English. Direct academic exchanges are being planned between the Caracas Polytechnic and Sheffield Polytechnic in engineering subjects, between the Open University and the Venezuelan National Open University and between Hull Technical College and the Carupana Technical College for marine technology.

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**SOCIEDAD FINANCIERA UNION, C.A. CARACAS-VENEZUELA**

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10% Escrowed Bearer Bonds of 1977 due January 25, 1982

Interest payable quarterly

Price 100%

**SOCIEDAD FINANCIERA UNION, C.A. CARACAS-VENEZUELA**

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VENEZUELA IV

A firm grasp on the oil pump...

FOR A journalist accustomed to looking at the seamy side of things, writing about Venezuela's nationalised petroleum industry is a bit disconcerting. Since the Government took control of all foreign oil companies in 1976 and placed the country's \$5bn. industry under a holding company called Petróleos de Venezuela (Petroven), the results have been a public relations man's dream.

Unlike most government-run enterprises in Latin America which have justly gained reputations for bureaucratic flatulence, featherbedding, financial losses, corruption and gross inefficiency, Petroven is efficient, profitable and a roaring success.

The holding company, with 23,603 employees and a highly-qualified management team made up entirely of Venezuelans, has suffered no traumas, no strikes, no shutdowns, no problems of significance. Petroven controls 14 operating companies, each a former affiliate of a foreign oil concern, and has a budget this year of \$2,333m. Since the day of the State takeover, Petroven has employed the services of multinational oil companies, who provide technological and marketing expertise under contract. These services, however, respond to the policy decisions dictated by Petroven's president and Board of directors.

During the first 18 months it ran Venezuela's giant petroleum complex, Petroven collected close to \$14bn. for sales of crude oil, refined products and natural gas. Out of this figure the State will promptly pay the national Treasury taxes and royalties totalling \$10bn., a sum which represents more than 70 per cent. of the Government's ordinary income.

Fortune magazine, which recently published a list of the 500 largest industrial corporations outside the U.S., ranked Petróleos de Venezuela in eleventh place, with sales last year of \$9.7bn. and net income of \$876.2m. This ranking put Petroven—only two years old at the end of August—ahead of such venerable institutions as Daimler-Benz, Volkswagenwerk, Bayer, Nippon Steel, Siemens, Imperial Chemical Industries, British Steel, Fiat and a host of others. Fortune also compiled a roster of the 50 largest industrial companies in the world (ranked by sales), and Petroven is

ranked slot No. 24, sandwiched between BASF (No. 23) and Daimler-Benz (No. 25). This year marked Petroven's debut on the Fortune scorecard. The firm was legally established at the end of August, 1976, but did not actually begin operations until January 1, 1976.

More important than Petroven's status as an industrial giant, though, was its record in 1976 as an efficient and profitable enterprise and as the source of the great bulk of money used to advance Venezuela's economic and social development schemes. On sales of \$9.1bn., the Treasury and Petroven retained \$7.7bn., or \$8.84 per barrel of crude produced during the year. This compares favourably with the \$7.91 per barrel earned in 1975 and marks the highest per-barrel income in the history of Venezuela's oil industry.

Operators

The holding company's 14 separate operators showed combined earnings of \$2,444m. for the year, and only one of the concerns registered a loss. The \$5.6m. deficit in that company was due to the Government's policy of selling certain petroleum products (especially gasoline) domestically at prices below production costs.

Crude oil production during the nationalised industry's first year of existence averaged just under 2.7m. barrels per day, down 1.94 per cent. from the previous year's average. In order to conserve the country's diminishing level of proven crude reserves, the Government has been dropping regularly since that year, when the daily average worked out to 2.98m. barrels per day.

Exports for the year averaged out to 2.15m. b/d, up slightly from 2.1m. b/d for 1975, 20 per cent. of exports went to non-traditional customers while the remainder was marketed by multinational oil concerns, chiefly in the U.S.

Although the Government has set its production goal at an average of 2.2m. b/d, market demand and the official sector's consistent tendency to overspend have kept production above the target level. Venezuela's potential crude output is 2.7m. b/d, a level which



The source of Venezuela's wealth. Regulating the crude oil flow from an underground reservoir (left) and oil derricks on Lake Maracaibo, the most prolific oil producing area (right).

could be raised to 3m with investments for secondary recovery. However, the added production potential consists of heavy crude oils, since the country's deposits of light and medium-grade oils are already being tapped to the maximum.

An important future source of Venezuelan petroleum will be the Orinoco Heavy Oil Belt, a wide strip of petroleum deposits in southern Venezuela with minimum reserves estimated at around 700bn. barrels. This reservoir, one of the world's largest, will require new technology in extraction and refining since it consists principally of high-viscosity crudes with heavy concentrations of sulphur and metallic elements. The Government is already moving ahead with experimental projects in pumping and processing crude from the Orinoco Belt so that it can be sold at commercially acceptable prices. Some Government petroleum experts are eager to see the belt developed rapidly, applying whatever technology is necessary to over-

come the disadvantages inherent in the unconventional oils located there.

High Government officials, however, are approaching the belt cautiously and are proposing a relatively limited programme for developing its potential. The belt is seen as a political hot potato since foreign oil companies—and the United States Government—have eagerly expressed their interest in aiding Venezuela to exploit the massive reserves. The Pérez administration does not want to be criticised by opposition groups for permitting foreign companies to work actively in the Orinoco area only 18 months after the industry came under State control.

At the same time, there is debate among Government petroleum experts as to how fast the belt should be developed, what kinds of foreign technology should be applied and how profitable its exploitation would be given current prices in the world market. President Pérez remarked not long ago that significant development of the Orinoco heavy oil reserves should be postponed until oil prices rise, thus increasing the profit margin on heavy crudes, which clearly will cost more than conventional oils to produce, process and refine.

In terms of exploration for conventional reserves, Petroven has been steadily increasing its expenditures in this area. Last

year the company spent \$94m. for exploration out of a total capital investment outlay of \$330m. In 1977, Petroven's overall budget will reach \$2,533m.—the largest amount ever spent in the industry's history—with 70 per cent. devoted to operating expenses and 30 per cent. to capital investment. Production took the lion's share (\$419m.) of capital outlays, while \$140m. was allotted to exploration and \$56m. to refining.

At a recent Press conference marking Petroven's second anniversary, General Rafael Alfonso Ravard, president of the holding company, revealed that \$233m. would be invested for exploration in 1978 as Petroven begins an ambitious programme for seeking light and medium-weight crude oils at onshore and offshore sites. The general noted that exploration in Venezuela had stagnated over the last two decades as private oil companies in Venezuela directed their efforts at production and consolidation. He pointed out that, while the private concessionaires employed around 800 geologists and exploration engineers several years ago, the number of specialists in exploration had now fallen to 150.

The Petroven president also stated that investments totalling no less than \$1.16bn. would be needed over the next few years to alter Venezuela's refining

capacity so that more petrol can be produced. In Petroven's annual report for 1976, the holding company's Board states: "Starting in 1978, investments must reach a level of approximately Bs.7bn. (\$1,680m.) per year. Investments for exploration, production, refining and research require from three to ten years to become productive."

Anniversary

Speaking on the second anniversary of the founding of Petroven, President Pérez noted that a developing country, "for the first time in history," had nationalised an important group of foreign companies "without resorting to extraordinary methods." He praised the management and workers of the State-owned industry, and stressed that the first 18 months of nationalisation "had not produced problems of any type."

In taking over the industry, he added, the Government agreed to compensation amounting to just over \$1bn., and for this price gained control of an industry "that now is valued at more than Bs.50bn. (\$11.8bn.)." (Compensation to the nationalised firms was based on the net book value of assets, but replacement cost of the sophisticated installations is estimated to be many times greater.)

During his speech, President Pérez also noted that Venezuela's domestic consumption of petroleum had been growing at an alarming rate—11 per cent. in recent years, and that demand in 1977 would jump by 13 per cent. Internal consumption of oil products would account for 11 per cent. of national production this year, he said, "and the nation loses out."

Needless to say, Petroven officials "will not be amused, and at least one Government spokesman iterated the position in negotiations with the oil companies were being conducted the national interest."

In the meantime, the company executives are keeping a low profile and hoping for the best. They are still concerned about another, unrelated tax claim made against former concessionaires by the Venezuelan Comptroller General last year. The Comptroller said that foreign companies could have their payments to the Government—previously 1977-78, and thereby owed a tax of about \$604m. T. executive branch was completely caught off guard by the unexpected complaint from an independent Comptroller's office, and cannot directly influence the outcome. But it is clear that the executive is not supporting the Comptroller's initiative, and hopes that the issue will be quietly laid aside. In this case, the oil companies are of ill mind.

One other sour note emerged in recent weeks after the local Press revealed that the Government and foreign oil companies are seeking quietly to settle old tax claims amounting to some \$349m. Both the Government and the oil companies were embarrassed by the sudden display

of publicity in Venezuelan newspapers. The stories reported that the Government had temporarily suspended a number of tax suits lodged against former concessionaires which were affiliates of Exxon, Shell, Gulf and a score of other firms, while the two sides sought to work out agreements on hundreds of claims and counter-claims involved. Both parties are eager to see the administrative and court claims settled but Government spokesmen said that the review process would take some time. Information Minister Diego Arria said that a Government panel reviewed the claims—some of which date back to 1967—would probably not produce any results until early next year.

Government officials such as the Ministers of Finance and Energy took great pains to inform the public that the Pérez Administration had no intention of "selling out" the multinationals, and that working out mutually acceptable agreements on the matters was perfectly normal.

The matter was complicated, however, when former Petroleum Minister Juan Pablo Pérez Alfonzo, a co-founder of OPE and highly respected old statesman in Venezuela, told local newspaper: "A responsible Government does not compromise itself with the multinationals. When government gets into debt, it compromises itself, and ends up trying to pay the debt and they give it, even though they mean to lose it."

Respected

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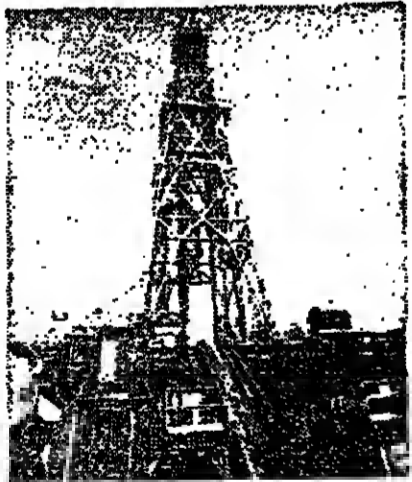
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A National Enterprise on the move, entering its third year of activity.

Petróleos de Venezuela S.A. started its third year in existence on September 1st 1977. It is Venezuela's National Oil Company,



wholly owned by the Venezuelan state. The company and its subsidiaries in turn own and operated the entire Venezuelan Petroleum Industry in all its phases. The year 1976 ended with production averaging slightly less than 2,300,000 barrels of crude oil a day.



Export sales in 1976 were slightly higher than in 1975 2,156,000 barrels per day compared with 2,100,000 barrels a day.

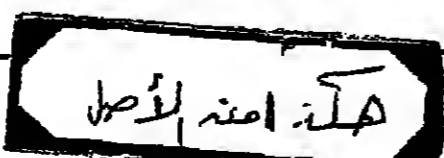


Since 20 per cent of the total volume was sold to non traditional customers, a satisfactory level of export diversification was achieved. Confidence in the nationalized Oil Industry as a secure source of supply has been reaffirmed by its customers, and the industry has proved, at the same time, its ability to secure new markets.



Total capital expenditures amounted to approximately Bs. 1,400 million (dollars 330 million) in 1976 an increase over previous years. The largest share, some 87 per cent was spent on exploration and production to maintain the production potential and to minimize reduction in oil and gas reserves.

PETROLEOS DE VENEZUELA La Empresa Nacional



... and growing control of distribution

WHEN PETROLEOS de Venezuela (Petroven) took control of the country's newly-nationalised oil industry at the start of 1976, it relied on foreign petroleum companies for virtually all of its marketing outside Venezuela. The big multinationals—mainly Exxon and Shell—had finally agreed to lift about 1.3m. barrels per day of Venezuelan crude and refined products following several months of negotiations which sometimes encountered serious complications.

These agreements guaranteed Venezuela a basic income that would satisfy the needs of the national Government and of Petroven itself. Remarking recently upon the tension that Venezuela's leaders and oilmen felt during this crucial stage of talks with the multinationals whose affiliates were about to be nationalised, President Pérez said: "It seemed during those months that the country was going to fall into a void."

The State oil monopoly offers a much wider range of products than most Middle East oil producers, with over 60 types of crude oils and between 80 and 100 specifications of refined products. Three Petroven affiliates—Lagoven, Maraven and CVP—are the operators which market Venezuelan crude and products abroad. (Lagoven was formerly the Exxon affiliate—Creole—while Maraven is the State company which replaced Shell de Venezuela. CVP is the Corporación Venezolana del Petróleo, a State-owned concern set up during the past decade.)

Petroven's policy has been to reach a wide range of new customers who are generally

final users rather than intermediaries, traders or other oil companies. Among these new clients—numbering about 50—are power authorities, small refineries, distributors of products and Government entities. They are located throughout Latin America, Europe and the U.S. Government-to-Government agreements are now in effect between Petroven and State concerns in Spain, Brazil, Argentina, Uruguay, Italy and other countries.

Venezuela's most important client continues to be the United States, and Petroven officials see no reason why this relationship should change. Last year, the Government oil company shipped 88 per cent of its export volume to markets in the Western Hemisphere, chiefly United States, Canada and the Caribbean. Crude oils—including 45 different grades—constituted about two-thirds of these exports, while refined products (chiefly fuel oils) made up the remainder.

Thirty-four per cent of all Venezuelan exports in 1976 reached the U.S., while an equal share went to customers in the Caribbean and 12 per cent. to Canada. Eight per cent. of exports went to Central and South America, 11 per cent. to Europe and 1 per cent. was used for international bunkers. The North American market receives Venezuelan petroleum through direct exports, and through crude which is sent to Caribbean refineries and later sold to American customers in the form

of products. Refined petroleum exported last year amounted to 785,000 b/d, of which 77 per cent were fuel oils and one-third of this figure low-sulphur oil. A major part of this went to the United States East Coast and Venezuelan shipments to the area represent approximately one-third of total U.S. fuel oil imports.

In its search for new clients Petroven's marketing stresses not only the country's reliability as an oil exporter, but also the wide variety of crude oils and refined products available. Venezuela furthermore offers customers a flexible industry with 12 refineries of which has a capacity for processing 800,000 b/d of crude making it the largest of its type in the world—and a storage capacity of 120m. barrels.

Petroven, which already maintains a fleet of 20 oil tankers, recently announced that it will add 14 ships to its fleet between now and 1982. Aside from the standard practice of replacing older ships, the Government oil company wants to expand its tanker fleet in order to achieve greater flexibility in supplying new markets. A Petroven official said that the new additions would probably be purchased from the purchase of two new tankers. The company's present fleet amounts to 200,000 b/d and is made up of 100 tankers owned by Petroven and an equal number under charter.

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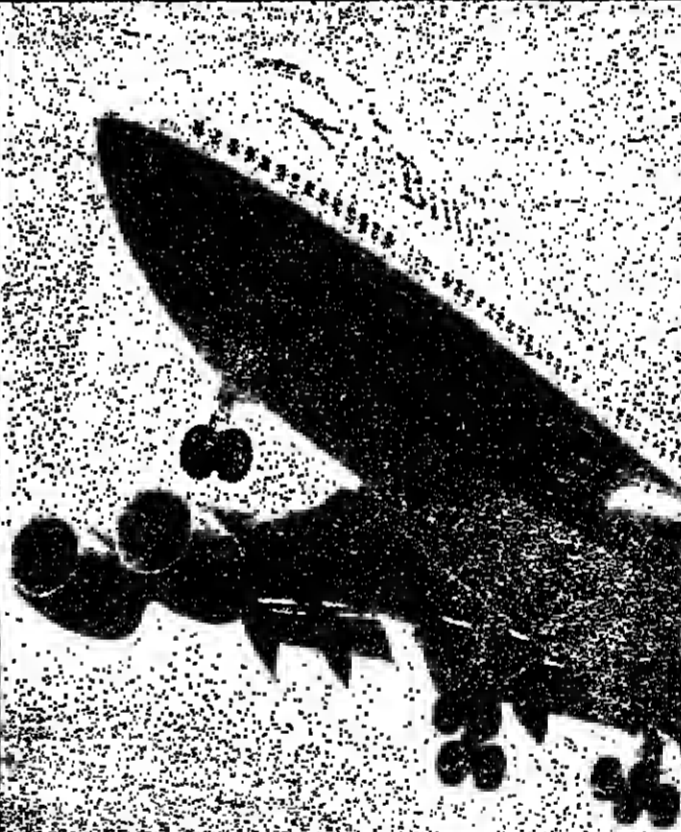
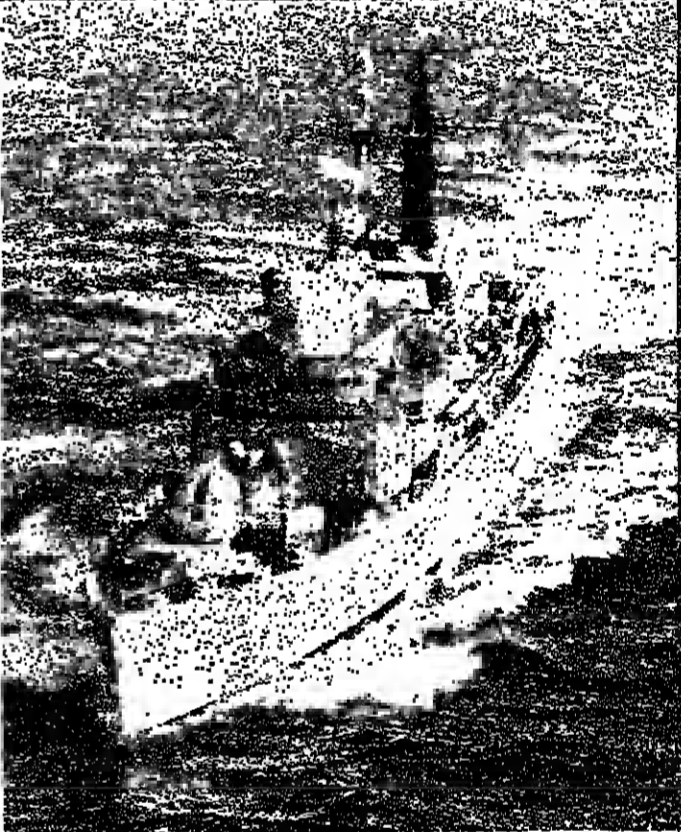
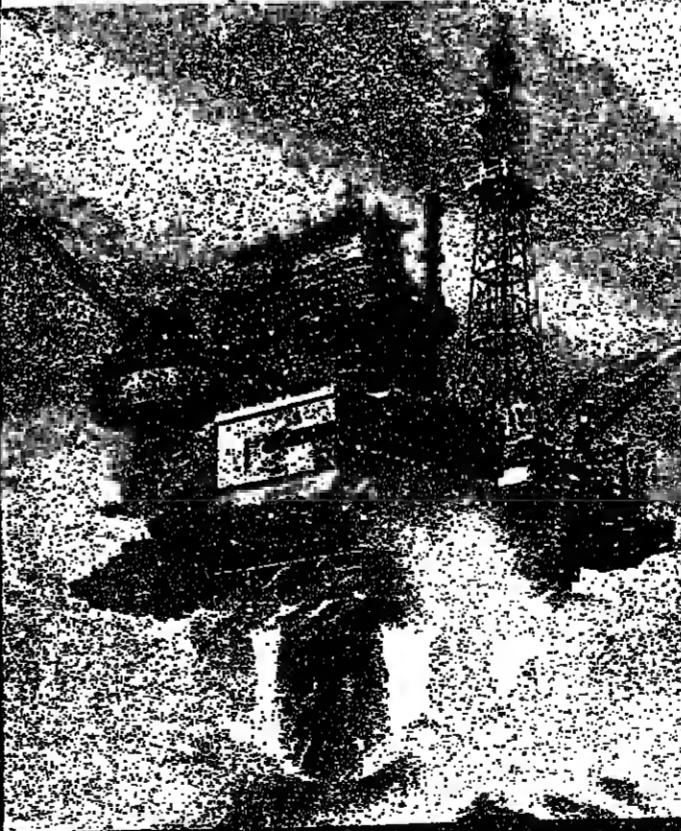
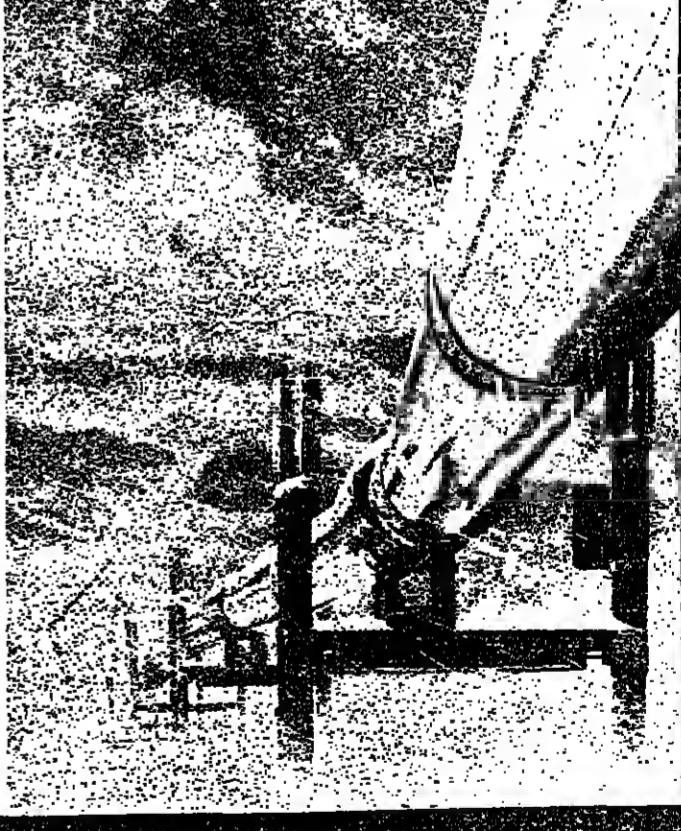
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COMMISSIONS IN VENEZUELA ?

Jack Taylor will be revisiting Venezuela in December to renew friendships and establish business contacts. Having spent 16 years there with an International Oil Company he has excellent contacts in every sphere of operations and will gladly accept commissions to help defray expenses.

Contact at: ERSKINE SCOTT ASSOCIATES, 10, Dakfield Road, Bristol BS8 2AV. Tel: 0273 35876.

ON THE hot, arid plains of Guayana in south-east Venezuela an army of nearly 12,000 construction workers, engineers and planners is erecting the country's largest steel mill, a \$3.4bn. bet the Government has placed on its future.

The State-owned CVG-Siderurgica del Orinoco, C.A. (Sidor) is now in the third year of carrying out an expansion scheme called Plan IV, which will raise steel output from the present peak capacity of 1.2m. tonnes per annum to 5m. tonnes of liquid steel per year by the early 'mid-1980s.

Sidor, which accounts for nearly all of Venezuela's steel production, has been anointed as the symbol of the country's march from under-development to industrialisation. Its expansion is the most costly programme currently being financed by the Venezuelan Government and is considerably more complicated than running the nationalised petroleum industry, an enterprise that was already functioning smoothly when the Government took control in 1976.

The expansion—which actually involves building a massive new steel mill alongside the existing facility—is aimed at demonstrating Venezuela's ability to develop and manage heavy industry on its own, supplying the bulk of national demand with domestic steel and giving visible proof of the country's determination to "sow" petroleum wealth in a sensible, remunerative project.

Sidor forms the central component in the Venezuelan Government's development of an industrial centre at Ciudad Guayana on the Orinoco River. The steel plant is fed by nearby deposits of high-grade iron ore from Government mines, and powered by the State-owned Guri hydroelectric complex on the Caroni River. Two large aluminium plants, a farm tractor factory, haulage and gold mining, a vast timber reserve, an expansion of the Guri complex and a number of other Government and mixed-capital projects are being elaborated simultaneously in the Guayana region.

To addition to the Sidor project, the Venezuelan Government is also pushing ahead with preliminary work on a 5m. tonnes/year steel plant in Zulia State. The British Steel Corporation recently signed a management contract for the Zulia mill, whose first stage is scheduled for completion in 1982.

Sidor's old plant, on stream now for several years, showed mixed results for 1976, chiefly due to equipment failure and a shortage of qualified personnel. The overall efficiency of this plant has been diminished by the transfer of skilled workers to jobs on the Plan IV project. And company executives are also concerned by increasing militancy among far-Left union leaders who have established a firm foothold among Sidor employees.

Products

The company reports that sales last year, principally flat products, pipes, rods and wire, reached the highest level ever at 1.3m. tonnes. Over 98 per cent of this was sold to Venezuelan customers. Raw steel output was just over 754,000 tonnes down from 1975. The company is able to sell more steel than it produces by importing semi-finished items which are then processed at the flat-products plant and re-rolled.

Sidor's total income for 1976 was \$42m., up from \$36m. the previous year. However, net earnings last year were \$18.4m., down from the 1975 mark of \$25.6m. The firm's net earnings over the past five years reached their peak in 1974 with revenues of \$30.2m., up about 12 times over the 1972-73 period.

This year the company expects to sell 1.7m. tonnes of steel, and predicts local production of 900,000 tonnes. Sidor will also impart 508,000 tonnes of semi-finished products and 537,000 tonnes of finished products for resale.

Although these figures do not suggest a high degree of success at the company's main plant,

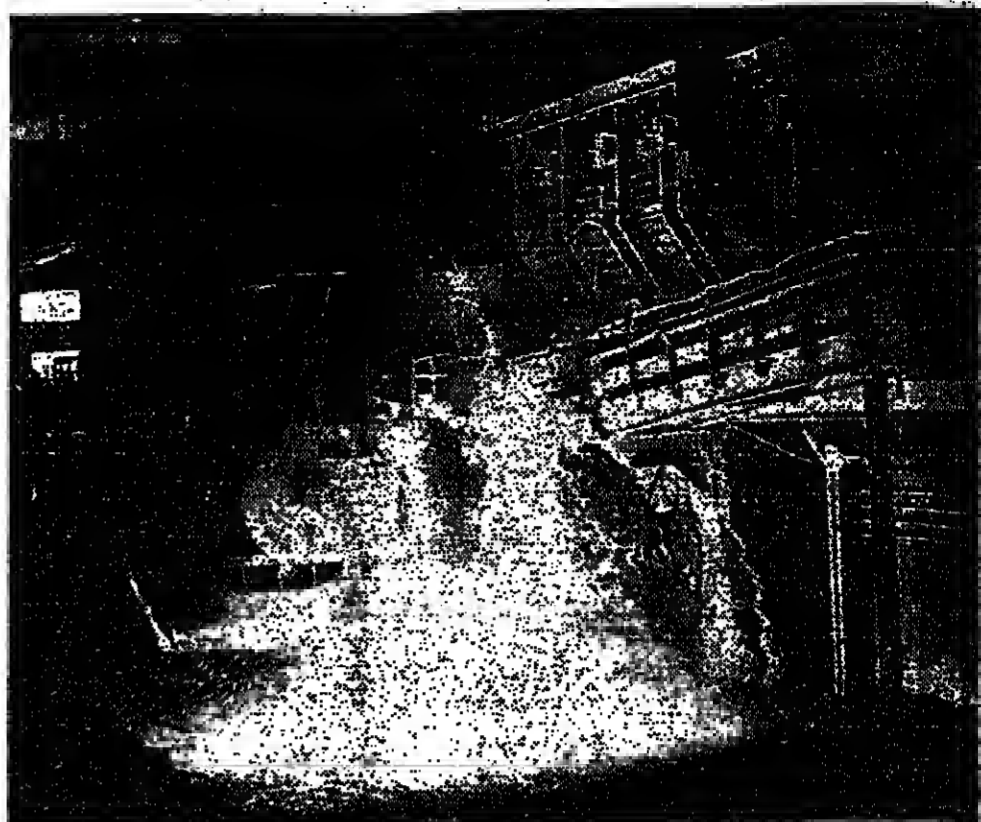
efficiency there will probably continue to suffer as long as skilled manpower is siphoned off to the Plan IV installations. Like many other projects under way all over Venezuela, shortages of skilled workers and professionals at Sidor have proved to be critical. Unless the Government moves to import experienced personnel on a fairly large scale, both the expansion work and regular performance of Sidor's old plant will be slowed down.

Work on the Plan IV facility, which will both increase steel output capacity and allow the company to manufacture new steel products for other industries, is behind schedule, but is advancing at a reasonable pace.

The Plan IV physical installations were scheduled for completion by early 1978, but estimates now put the date closer to 1980. In addition, Sidor expects a three- to five-year start up period. This means that while steel production may begin in 1978-79, the company will not be able to start selling steel until around 1982.

Sidor's workforce, which stood at 6,362 in 1972, had almost doubled by the end of last year. The company reported 11,769 persons on its payroll at year-end, nearly half of whom were at work on Plan IV. As construction continues, the number of employees is expected to reach 13,510 by 1979. And when the new plant becomes operational, some 13,000 jobs will be created, bringing the total workforce to more than 20,000 persons—almost as many as are now employed by the oil industry.

The Plan IV facility actually comprises a number of individual plants, which will occupy 1,000 hectares alongside the present Sidor factory. Among the units included in Plan IV are a pelletising plant and lime plant used in ore preparation; four direct reduction Mydrax units and four HYL units; ten electric steel-making furnaces; six continuous casting units; lines for producing reinforcement rods and wire; expansion of hot



The state steel mill SIDOR in Ciudad Guayana, at which it is planned to increase production from 1.2m. tons a year to nearly 5m. tons a year by 1980.

and cold rolling mills, and a host of support facilities. In a recent evaluation of Plan IV's progress, a private Venezuelan consulting group for transporting large quantities and more difficult problems facing the Government project. Among them were: Severe housing shortages, poor public services, lack of water, hotels, schools, hospitals, and hotels, poor roads and paralyzing traffic jams and the highest cost of living in the country plague workers in Ciudad Guayana, near the new steel mill. Unprecedented growing pains are affecting Ciudad Guayana, whose population will rise from 226,000 (1976) to around 400,000 by 1979. No railroad has yet been begun, as had been planned, in

order to move steel products out of the Guayana area once production reaches steady levels. (Highways will be insufficient on efficient organisation, coherent management team, planners, are attempting to mobilise other Government private sector agencies to ease the most serious problem. It may well be ever, that even the best of these executives will enough in the face of a galaxy of problems confronting the ambitious Guayana. In the end, it becomes a question of how the Government decides to set its priorities. Central Government programmes cannot meet the steep and houses in places other Ciudad Guayana, the imp

5,000 Army reservists for intensive training. Both the CVG and Sidor on efficient organisation, coherent management team, planners, are attempting to mobilise other Government private sector agencies to ease the most serious problem. It may well be ever, that even the best of these executives will enough in the face of a galaxy of problems confronting the ambitious Guayana. In the end, it becomes a question of how the Government decides to set its priorities. Central Government programmes cannot meet the steep and houses in places other Ciudad Guayana, the imp

State mining prospers

THE TAKING into state ownership of the enormous oil industry is not the only act of nationalisation which has gone well in Venezuela. At the start of 1975, a year before the takeover of the enormous oil industry, President Carlos Andrés Pérez climbed to the top of Cerro Bolívar, a mountain of iron ore in the Guayana region and symbolically insisted the Venezuelan flag over what had been the concession of a subsidiary of U.S. Steel. At the same moment the Venezuelan government took control of the smaller concession which had been awarded more than forty years before to Bethlehem Steel. The U.S. Steel and Bethlehem interests were then merged into one state company, Ferrominera Orinoco, and the government started paying out the agreed \$100m. compensation for the book value of the assets.

Though the intricacies of running a mechanised iron mining operation do not compare with those operating one of the biggest oil industries in the world, they have been a fair test of the managerial abilities of the Venezuelan public sector. It has passed the test with good marks. In the first two full years of operations the company has earned \$279m., nearly 90 per cent more than the state took from the operation of the two U.S. companies in the previous two years. This result was mainly the product of a big upturn in the price of Venezuelan ore. Ferrominera Orinoco's sales in 1975-76 only about 80 per cent of the volume which had been sold in the previous two-year period, just over 37m. tonnes compared to nearly 48m. tonnes.

As in the case of the oil industry, the maintenance of operations at the mines was no particular problem for the company, given that the bulk of the staff in the time of the U.S. concessionaries was Venezuelan. The new company, like Petróleos de Venezuela, has had to master the skills of international marketing, cushioned with the knowledge that U.S. Steel is taking a minimum of 11m. long tons a year from the concession it used to own, and Bethlehem 5m. from its former property.

British Steel was and continues to be a good customer of Venezuela, buying 2.7m. tonnes in 1975-76, third in importance in Europe to Germany (13.4m. tonnes) and Italy (4.2m.). But as development plans become realistic, more and more Venezuelan ore will be made into steel domestically.

Expansion of SIDOR, the state steelworks not far distant from Cerro Bolívar on the Orinoco River, is to expand its capacity from the present 1.2m. tonnes of steel to 5m. tonnes by the end of the decade and at the other end of the country at Maracaibo a whole new steelworks is to be constructed to take advantage of the large coal deposits nearby. The Maracaibo plant is expected to be producing another 5m. tonnes by the end of the next decade.

With local and domestic demand in mind Ferrominera Orinoco is spending nearly \$80m. on doubling its ore crushing facility at Puerto Ordaz to handle up to 14m. tonnes of ore a year. The industry is also beginning to experiment on a large scale with the local reduction of its iron ore, and a mixed public-private sector enterprise, Finca de Venezuela, is now putting together a plant capable of producing 400,000 tonnes of high grade ore a year.

Bright

The coal mining industry could have a very bright future. At the moment five private mines at Lobatera in the state of Tachira produce a mere 80,000 tonnes a year. But the government is beginning to put into effect plans to bring back into production the mines at Naracual, near the industrial town of Barcelona and, more importantly tap the very big seams of bituminous coal found some 50 miles west of the city of Maracaibo, near the Colombian border in the state of Zulia.

The pilot project envisages an annual production of about 60,000 tonnes. The enthusiasts for the Zulia field are in-day talking in terms of an output of up to 10m. tonnes a year by the end of the next decade. There is no doubt that the coalfield would be able to produce that amount. Whether it would be able to do so economically and be able to export with profit any surplus at world market prices is another question. The Ministry of Energy and Mines is still studying the project and has contracted a coal industry economist from Britain to give advice about the speed of development of the industry.

In the gold mining industry Britain and Germany, in the shape of Thyssen and Head Wrightson, are putting up a \$16m. gold mining and refining complex at El Callan to the south-east of Ciudad Guayana.

They are acting for an arm of the Venezuelan Investment Fund, a mining investment company called Minerve. Capable of handling 700 tonnes of ore a day and refining the gold content into ingots, the plant should start work next year. The gold content of the ore at 22 gms. per tonne compares favourably with the average gold content of South African mines.

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# Big transport projects

OME long delays and starts, Venezuela is going ahead steadily with its package of transport projects that will eventually benefit the nation several years.

The Government is cutting through its overcrowded highways, enlarging its nationalised roads, laying down new highways all over the country, and pushing to finish a new airport for purchasing a raft of international and airlines and frantically boosting cargo capacity lessily overburdened.

is were not enough, President Perez only signed an agreement for erecting a major facility in western and is putting the touches on a consortium which is act a billion-dollar way project, which is he effective operation industrial programmes stream in south-east involves building a ne that is to be the ch of a 3,900 km. railway system which ment expects to come end of the century. line now being laid clude a main section the growing indus- of Ciudad Guayaquil east to the city of de los Morros in Venezuela, plus a short ie to the Tuy Valley iracas.

atives of Spanish dian groups, who to ld an 80 per cent. on in the project, Caracas recently to ut final details with n partners. The n Canadian roles in covering about two-thirds of the already defined, neets have been made ing responsibilities to he majority partners. dians do the design eering work on the nd will provide most illing stock. Spanish will have principal lity for actual con- of the line, training of n personnel and management for an lod.

ans, who hold a 20 share to the Govern- ed scheme, are to sponsibilities on the and will supply local The project will be n under the super- the Government rail- y, the Instituto Auto- ministración Ferro- del Estado, headed by e Agostini.

h the Government has high priority to the of its national railway, the country now has 200km. of lines), of a long and difficult ach an agreement on t. Even at this point, orking on the pro- sent a number of ve yet to be worked

December the railway (LAAFE) accepted six groups represent- t Germany, Brazil, Venezuela, Spain, and Italy, with nging from \$959m. to \$2,580m. (West The wide differences principally to the last Government had requirements for use rather vague terms. Rail had expressed interest in the Vene- spect and had formed a consortium called Avazil t a bid. However, BR t last October, assert- a number of key com- sions were unacceptable. Construía from France and Japan had ed preliminary tender but opted not to pre- in December.

er complication arose when the Government d it had decided to six bids, but asked dians and a Spanish- in consortium (whose 1.3bn.) to form a new ich would build the While neither the or the Canadians were by the proposal, the tually worked out a t which was quite to both sides.

way partners have not d on a figure for the e 700km. stretch, but re predicted that the d be lower than the anadian bid of \$959m. figure, though, cannot ned until the Vene- nment gives a hel- ion of what it consi- nial in the system. If

current talks continue to move along smoothly, work on the railway could begin in earnest next year. The Government had originally planned to start construction in 1976.

The country's biggest transport project is the Caracas Metro, whose first stage will be a 20km. trunk line crossing the Venezuelan capital from east to west and including 22 passenger stations.

Construction work is already moving ahead rapidly on the main line, and a decision is expected soon on contract awards for rolling stock valued at between \$250 and \$500m.

The Government's master plan calls for 50km. of modern, air conditioned rapid transit routes covering central and suburban Caracas, with most of the lines being underground. Costs for the entire system, which is to be built over the next decade, are conservatively estimated at around \$1.5bn.

Only a few weeks ago, the president of the C.A. Metro de Caracas, Sr. Jose Gonzalez Lander, announced that the Government had decided to spend another \$340m. on a 15 km stretch of the capital's rapid transit system to be started "as quickly as possible."

The new line, which will go from the suburb of Caricuao in downtown Caracas, will have 11 km of elevated track, 4 km of underground line and 14 passenger stations. The head of the Metro company, which is the Government agency in charge of building the rapid transit system, said bids will be sought on the extension "as soon as possible."

The section now under construction, called the Pro Patria-Petare line, passes through the most densely populated parts of the city and is expected to move 1m. persons per day. This 20 km section's total cost is projected to reach \$744m.

Civil engineering contracts covering about two-thirds of the trunk line, and valued at over \$280m. have already been awarded, mostly to Italo-Venezuelan construction companies.

The need for a rapid transit system in Caracas has been clear for over a decade, but successive Governments were either unwilling or unable to make a real start on the project. After waffling on the issue for over a year, the current administration finally gave the green light to the Pro Patria-Petare line. Up until then, the Metro had consisted of one station (and no track) in Western Caracas.

Work on the east-west trunk line, planned for completion in 1982, is proceeding steadily despite the problems inherent in building an underground through the heart of a crowded city whose streets are already choked with traffic. Caracas, set in a spectacular valley several miles from the Caribbean, has a relatively small population (around 3m.) compared to other Latin American cities like Buenos Aires or Mexico City. It nonetheless has extremely high population density since most of its residents live and work in a limited area enclosed by the narrowest parts of the valley.

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This cowlift does not represent a new kind of tourism directed at the well-heeled bovine population of Central America. Rather, it is part of a Government programme to help Venezuelan cattlemen boost beef production.

Last year heavy flooding did severe damage to some parts of the country. While a long drought struck other areas, both crop and cattle farmers suffered from the harsh weather conditions (more rain fell in some sectors than had ever been recorded) and domestic food production slumped by a dramatic 8 per cent.

In some countries, a drop of this magnitude in production would not be very significant. But it was a sharp blow for Venezuela, a country which depends heavily on imported food-stuffs and which has invested billions of dollars in agriculture since 1974.

The results were felt keenly by consumers in March and April when grocery stores all over the country began to run out of meat, milk, eggs, poultry, beans, rice and coffee, all of which are staples in the Venezuelan diet. After lines grew longer at butcher's shops and supermarkets and housewives complained angrily to local newspapers, the Government decided that it could not import enough food by itself and lifted restrictions on private sector imports.

The flood of imported food-stuffs since then has been unprecedented, with most products being airlifted in to avoid weeks or months of waiting on cargo ships at Venezuela's congested ports.

The flying cattle cars, however, were part of a Government programme that began before this spring's food shortages. Since taking office in 1974, President Carlos Andres Perez has assigned high priority to improving domestic agricul-

ture, an area neglected by investors for years. The Perez administration has pumped billions of dollars into the agricultural sector by providing low-interest loans to farmers, building a network of rural roads, constructing hundreds of silos and crop storage depots, extending irrigation and flood control projects, digging wells, subsidising the price of seeds, fertilisers and other basic materials and promoting a spate of public works projects designed to give direct aid to farmers and cattlemen.

Furthermore, the Government wiped out old agricultural debts, offered tax relief to anyone engaged in agricultural or agribusiness, raised minimum prices to producers, lifted tariffs on imported farm implements and obliged commercial banks to place 20 per cent. of their loan portfolios in agricultural projects.

But for one reason or another, the Perez Government's progress in agriculture has been marginal in comparison to the vast sums of money spent on the sector. Even if flooding and drought had not been factors last year, Venezuelan farmers would still have been forced to cope with problems that are traditional in this South American republic: poor co-ordination and low efficiency in Government agricultural programmes; a lack of technical advice on pests, plant diseases, etc. when it is urgently needed; shortages of seed, fertilisers and equipment; a dearth of farm labour and a Ministry of Agriculture, which, according to one farmer, "would help us most if it disappeared."

Prospects this year, though, seem considerably brighter. Flooding and drought in cattle-raising regions have not been notably bad, and President Perez announced that 1977 would see "the biggest harvests in the history of Venezuela."

In all fairness, it should be noted that, while agricultural output did rise significantly in 1974 and 1975, greater buying-power among many poor and working class Venezuelans caused demand for popular food-stuffs to rocket upwards. Thus any gains registered in production were apparently wiped out

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peted for the shipyard contract. In announcing the Government's decision on the facility in July, President Perez said that the yard would be able to turn out six vessels per annum ranging between 15,000 and 75,000 dwt. It would also be able to build ships as large as 120,000 dwt and would repair 135 units per year of up to 90,000 dwt. The yard will generate over 5,000 direct jobs and should create employment for over 16,000 other workers, according to Covina officials.

The Government expects that tankers, cargo bottoms and bulk-carriers produced at the Paraguana shipyard will be able to cover a substantial portion of Venezuela's optional demand.

Part of the production from this new yard may go to the Venezuelan state oil monopoly — Petroven—which plans to add 14 ships in its 20-vessel tanker fleet between now and 1982. The ships for Petroven's oil fleet will be in the 30,000 to 60,000 dwt range, and most will be purchased by the company rather than leased. Petroven now has ten of its own and an equal number under lease, totalling 700,000 dwt. The firm will need these new tankers as it moves ahead in marketing more of its own petroleum directly, rather than through the marketing systems of the multinational oil companies.

In addition to these major projects, the Government is also carrying out:

- A \$1.2bn. programme for new highway construction, of which \$376m. will be spent by the end of this year.
- Purchases of sophisticated air navigation equipment valued at more than \$87m.
- Seaport expansion programmes which will cost \$235m. over the next few years.
- Enlargements of Venezuelan flag air carrier fleets. The Venezuelan International Airline, Viasa, recently announced the purchase of three DC-10 jets for passenger use, and the Government owned domestic line—Aeropostal—this year bought several new DC-9-30 passenger craft.

**Repair**

In order to create as few traffic problems as possible during reconstruction, the Metro office has decided to cut and cover only the areas around each station. Sections between stations will be completed by tunnelling, a process that raises costs considerably. About 90 per cent. of the Pro Patria-Petare line will be subterranean.

During the recent visit of King Carlos of Spain to Venezuela, the two governments signed an accord whereby the Spanish will erect a \$255m. shipyard for construction and repair of vessels on the Paraguana Peninsula near the western oil-producing capital of Maracaibo.

A joint company (Astinave) made up of the Venezuelan Government's naval industry institute—Covina—and Astilleros Espanoles S.A. (ASEA) will carry out the project, with 55 per cent. Venezuelan capital participation and 45 per cent. Spanish. Firms from West Germany, Italy, the U.K., Holland, Japan, Sweden, Argentina, Belgium, Denmark and Spain com-

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# Modernising agriculture

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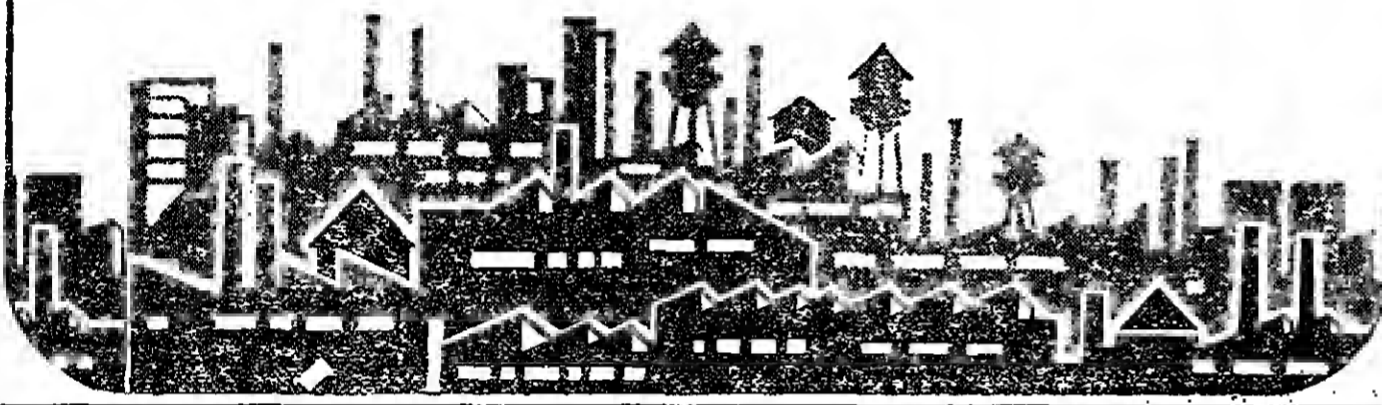
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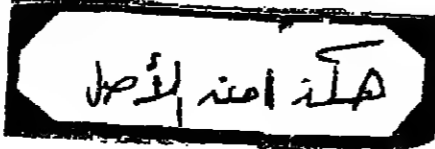
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# Complex foreign policy

ONE PRESIDENT and three ministers are involved in Venezuela's foreign policy which is arguably more complex and active than that of any other Latin American country. The policy is being pursued on three parallel lines. Venezuela's most vital interests now depend to a large extent on its relationship to an international body in which it played a major part in creating itself, the Organisation of Petroleum Exporting Countries, whose next plenary meeting is to take place near Caracas in December. OPEC has been a godsend for Venezuela in that it brought riches through its concerted action on prices which the country could never have ever achieved on its own. At the same time it has proved a difficult animal to walk with. In its desire to keep OPEC together Venezuela has on a number of occasions had to step in and offer its good offices in mediation among other members. At a time when Saudis and Iranians were pulling in different directions on the question of whether the oil price should move Venezuela tried to play a moderating role either at the conference table in the person of the oil minister, Sr. Valentín Hernández, or through the direct diplomacy of President Pérez who visited Saudi Arabia, Iran, Kuwait, Qatar and the United Arab Emirates last May.

How much Venezuelan diplomacy counted in the decision remains debatable, but it is nevertheless true that tensions in OPEC decreased a little after the President's visit to the Middle East. Venezuela loses few opportunities of reminding the world that a former oil minister Sr. Juan Pablo Pérez Alfonso was a leading figure in the establishment of OPEC in Baghdad in September 1960. OPEC's only other Latin American member Ecuador entered the organisation under the sponsorship of Venezuela while on the other hand Caracas's growing lack of sympathy with the idiosyncratic attitudes being struck by the government of Trinidad and Tobago will doubtless ensure that the country's prospects of acceding to the Organisation are no greater to-day than when it was blackballed by a Middle Eastern OPEC member on its first application for membership.

Policy within OPEC has recently become increasingly bound up with one of the other main strands of Venezuelan policy, its leading role in the North-South dialogue. Venezuela's prominent part in ordinating the drive of the poorer countries for economic concessions from the developed countries was publicly recognised when Sr. Manuel Pérez Guerrero, the Minister of State for International Economic Affairs was selected to chair the Conference on International Economic Co-operation in Paris jointly with the Canadian delegate.

Venezuela has consistently tried to fight off the financial institutions in favour of the developing countries and the principal reason for the upsurge of inflation in the world. President Pérez has called it "an international intrigue created by transnational interests and by some developed countries."

Caracas has proven to be a generous aid giver, perhaps in order to give the lie to accusations of OPEC's selfishness. In the past three years the government has made available more than \$1bn. in loans and grants to international aid organisations and on a bilateral basis. Support has been given to schemes in a large number of countries from a loan to keep LIAT, the island-hopping airline of the Eastern Caribbean, in the air, to the donation of a cargo vessel to landlocked Bolivia which wants to build up a merchant navy.

With OPEC affairs hived off to Sr. Hernández, and Sr. Pérez Guerrero looking after the North-South dialogue it might appear that the incoming Minister of Foreign Affairs, Sr. Simón Alherio Consalvi, who took over from Sr. Ramón Escobar Salom after an abrupt cabinet shake-up earlier this year, had less than a full-time job. But such is not the case. The Foreign Ministry has a great deal to do in Western Hemisphere affairs and relations with Western Europe and the Communist countries, not least in fleshing out the personal initiatives frequently taken by the President himself.

President Pérez has made improved relations with the countries of the Andean Pact, a special priority. The countries of the Pact - Venezuela, Colombia, Ecuador, Peru and Bolivia were all states in which Simón Bolívar, the Liberator, took a special interest and the President's invocations of Bolívar are frequent enough for the impression to be given that history as having helped in particular region with Venezuela's present oil wealth much in the same fashion as Bolívar

freed them from Spanish colonialism with the force of his arms. The Andean Development Fund, the principal financial arm of the Andean Pact, has its headquarters in Caracas, has benefited from the generosity of the Venezuelan Government and will doubtless continue to benefit. Venezuela has intervened in Peru's present financial crisis by putting some funds on deposit with Peruvian banks and generally interceding with private banks and international financial institutions in favour of Lima being offered softer terms for its borrowing. There is a close rapport with Ecuador which is not only a partner in the Andean Pact but also a fellow member of OPEC.

Even the ever ticklish relationship with Colombia seems to be improving as a solution appears to be imminent to the disputed demarcation of the maritime boundaries between the two powers in the Gulf of Venezuela, a topic which is more important than it first appears, given that the ownership of large quantities of offshore oil could well be at stake.

At the same time Venezuela is getting to know better its smaller neighbours. In the Caribbean, the Caribbean Community, the Caribbean Development Bank and is likely to be a donor in the big new multilateral financial body which is being planned for the region this year. Not without some good encouragement from Whitehall, Caracas is welcoming leaders of the smaller territories of the Eastern Caribbean who have had contact with the Foreign Government, often going away with a Venezuelan decision in their pocket. President Pérez and Mr. Michael Manley, the Jamaican Prime Minister, have met on several occasions and relations with Guyana have also improved, despite the signing of the U.S.-Panama treaty, which Venezuela claims to be the very large chunk of Guyana's territory. The unpredictability of the Government in Port of Spain, work and the expenditure of the cause of a more edifying agreement between the two countries. The most prominent sphere in the richest in Latin America are pulling to the same dilatory on a number of major

dom let more than a few days

IF A foreigner was asked to judge Venezuelans by advertisements in the local media, it would be easy to conclude that most people in this developing country were rich, fond of travel and accustomed to the finest consumer goods available anywhere.

Newspapers, magazines, television and radio incessantly offer cars, cruises to Caribbean islands, mobile homes, French perfume, high-powered stereo sound systems, Italian shirts, nude-look underwear, condominiums in Florida, premium whisky—the list is almost endless.

Advertisers exhort the populace to buy the biggest and best (for which you can read "most expensive") in everything, appealing frequently to the country's weakness for imported luxury items.

Paradoxically, while the majority of the country's 12.5m. inhabitants are poor by most standards, Venezuelans buy and spend on a scale unheard of in Latin America.

Heavy Government spending at home in recent years and the accompanying booms in most economic sectors naturally have raised buying power among upper class Venezuelans to spectacular levels. At the same time, though, some benefits of the petroleum boom have bled down to the lower classes, and have given them access to consumer goods denied to the poor in the rest of Latin America.

The slum cities surrounding Venezuela's capital embrace economic classes ranging from extreme poverty to middle income levels.

A private poll conducted last year, for example, showed that among families in the Caracas metropolitan area, 94 per cent. had televisions, 87 per cent. had radios, 87 per cent. had cars, 95 per cent. had refrigerators and 94 per cent. had stoves. Sewing machines were owned by 67 per cent. of families and there was a telephone in 47 per cent. of homes.

These results come from a

## Diplomacy

How much Venezuelan diplomacy counted in the decision remains debatable, but it is nevertheless true that tensions in OPEC decreased a little after the President's visit to the Middle East. Venezuela loses few opportunities of reminding the world that a former oil minister Sr. Juan Pablo Pérez Alfonso was a leading figure in the establishment of OPEC in Baghdad in September 1960. OPEC's only other Latin American member Ecuador entered the organisation under the sponsorship of Venezuela while on the other hand Caracas's growing lack of sympathy with the idiosyncratic attitudes being struck by the government of Trinidad and Tobago will doubtless ensure that the country's prospects of acceding to the Organisation are no greater to-day than when it was blackballed by a Middle Eastern OPEC member on its first application for membership.

Policy within OPEC has recently become increasingly bound up with one of the other main strands of Venezuelan policy, its leading role in the North-South dialogue. Venezuela's prominent part in ordinating the drive of the poorer countries for economic concessions from the developed countries was publicly recognised when Sr. Manuel Pérez Guerrero, the Minister of State for International Economic Affairs was selected to chair the Conference on International Economic Co-operation in Paris jointly with the Canadian delegate.

Venezuela has consistently tried to fight off the financial institutions in favour of the developing countries and the principal reason for the upsurge of inflation in the world. President Pérez has called it "an international intrigue created by transnational interests and by some developed countries."

Caracas has proven to be a generous aid giver, perhaps in order to give the lie to accusations of OPEC's selfishness. In the past three years the government has made available more than \$1bn. in loans and grants to international aid organisations and on a bilateral basis. Support has been given to schemes in a large number of countries from a loan to keep LIAT, the island-hopping airline of the Eastern Caribbean, in the air, to the donation of a cargo vessel to landlocked Bolivia which wants to build up a merchant navy.

With OPEC affairs hived off to Sr. Hernández, and Sr. Pérez Guerrero looking after the North-South dialogue it might appear that the incoming Minister of Foreign Affairs, Sr. Simón Alherio Consalvi, who took over from Sr. Ramón Escobar Salom after an abrupt cabinet shake-up earlier this year, had less than a full-time job. But such is not the case. The Foreign Ministry has a great deal to do in Western Hemisphere affairs and relations with Western Europe and the Communist countries, not least in fleshing out the personal initiatives frequently taken by the President himself.

President Pérez has made improved relations with the countries of the Andean Pact, a special priority. The countries of the Pact - Venezuela, Colombia, Ecuador, Peru and Bolivia were all states in which Simón Bolívar, the Liberator, took a special interest and the President's invocations of Bolívar are frequent enough for the impression to be given that history as having helped in particular region with Venezuela's present oil wealth much in the same fashion as Bolívar

freed them from Spanish colonialism with the force of his arms. The Andean Development Fund, the principal financial arm of the Andean Pact, has its headquarters in Caracas, has benefited from the generosity of the Venezuelan Government and will doubtless continue to benefit. Venezuela has intervened in Peru's present financial crisis by putting some funds on deposit with Peruvian banks and generally interceding with private banks and international financial institutions in favour of Lima being offered softer terms for its borrowing. There is a close rapport with Ecuador which is not only a partner in the Andean Pact but also a fellow member of OPEC.

Even the ever ticklish relationship with Colombia seems to be improving as a solution appears to be imminent to the disputed demarcation of the maritime boundaries between the two powers in the Gulf of Venezuela, a topic which is more important than it first appears, given that the ownership of large quantities of offshore oil could well be at stake.

At the same time Venezuela is getting to know better its smaller neighbours. In the Caribbean, the Caribbean Community, the Caribbean Development Bank and is likely to be a donor in the big new multilateral financial body which is being planned for the region this year. Not without some good encouragement from Whitehall, Caracas is welcoming leaders of the smaller territories of the Eastern Caribbean who have had contact with the Foreign Government, often going away with a Venezuelan decision in their pocket. President Pérez and Mr. Michael Manley, the Jamaican Prime Minister, have met on several occasions and relations with Guyana have also improved, despite the signing of the U.S.-Panama treaty, which Venezuela claims to be the very large chunk of Guyana's territory. The unpredictability of the Government in Port of Spain, work and the expenditure of the cause of a more edifying agreement between the two countries. The most prominent sphere in the richest in Latin America are pulling to the same dilatory on a number of major

dom let more than a few days

IF A foreigner was asked to judge Venezuelans by advertisements in the local media, it would be easy to conclude that most people in this developing country were rich, fond of travel and accustomed to the finest consumer goods available anywhere.

Newspapers, magazines, television and radio incessantly offer cars, cruises to Caribbean islands, mobile homes, French perfume, high-powered stereo sound systems, Italian shirts, nude-look underwear, condominiums in Florida, premium whisky—the list is almost endless.

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# Advertising boom

There are fabulous sums of money being spent on advertising in Venezuela last year, with about 65 per cent. of the advertising budget channelled through agencies, executive said.

Following the 1973 elections, advertising agencies, executive said, found themselves with more than a few days of exposure, absorbed of dollars worth of advertising, while another third went to Opposition parties. Since the Government took over in 1974, it has hardly been so generous to advertising agencies, executive said.

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## Attractive

The country has 150 radio stations, 47 daily newspapers, 32 weekly papers, 134 magazines and 530 cinemas. But to amateurish, smudged audiences.

Advertising agencies in Venezuela are required by law to be at least 80 per cent. held by Venezuelans. The 15 or so agencies here include a high to David Punched, a partner in Estudio Zipper, there are three or five agencies here to subject viewers to 15 year before. "This year, more than before a film begins," said a Venezuelan advertising executive.

With four television stations serving Venezuela (two sum for the tiny country, commercial stations and two industry executive said.

Government-owned), television advertising is a must for big accounts since its penetration and impact far outpace the other media.

The biggest accounts for the developing industry are the Government, industry and photography agencies are the most liquor and cigarettes. The production in magazines, newspapers, is sometimes expensive products available. Venezuelans fondness for smoking and drinking is demonstrated by the fact that they bought 18.5m. cigarettes last year (up from 11.5m. in 1970).

Competition is stiff among some products, though, especially those where snob appeal is lacking. "You can buy almost anything here," a British advertising man said. "It's like the United States in that sense. There must be 84 types of champagne on the shelves, and the menu

competition is very aggressive." There are fabulous sums of money being spent on advertising in Venezuela last year, with about 65 per cent. of the advertising budget channelled through agencies, executive said.

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# COMPANY NEWS + COMMENT

## Geo. Wimpey improves to £17.5m. midterm

FIRST HALF 1977 pre-tax profits of George Wimpey and Co. were up by £1.5m. to £17.5m. but the directors state that the figures for the first half of 1976 were not strictly comparable as they do not reflect the later change of accounting procedure under SSAP No. 9. Total profit for the whole of 1976 was a record £44.5m.

The value of work carried out during the six months was 14 per cent ahead at £388m.

Although the U.K. construction market is still depressed, orders have ceased to decline in the last few months at the expense of profit margins. Sales of private houses are proceeding satisfactorily, the directors state.

Profit was struck after interest paid of £1.2m. against interest received of £1.3m. This change being the effect of the employment of funds in property acquisitions and development, many of which have not reached the income producing stage, it is stated.

Company	Page	Col.	Company	Page	Col.
Allied Polymer	30	3	Higgs and Hill	31	1
Anchor Chemical	31	3	Howard Tenens	32	7
APV Holdings	31	4	ICL	32	6
Assoc. Bank	32	5	Ingall Inds.	32	5
Bond Worth	30	3	Mod. Eng. of Bristol	31	2
Brown Bros.	30	3	Manument Secs.	32	5
Cartwright (R.)	32	3	Owen Owen	31	4
Clark (Matthew)	30	5	Ready Mixed	30	7
Eastern Produce	32	4	Sandelson	31	1
Finlay (James)	32	7	Sedgwick Forbes	32	4
Footwear Ind.	30	1	Scott (Lawrence)	32	4
FPA Construct.	30	5	Startrite Eng.	30	8
Gordon and Gotch	30	6	Strong and Fisher	30	4
Grimshaw Hlids.	31	1	Weeks Assoc.	32	8
Hanger Invest.	30	4	Wimpey (Geo.)	30	1

## APG tops £0.5m. at halftime

FIRST-HALF 1977 taxable profits of Allied Polymer Group more than doubled from £274,000 to £575,000 on external turnover of £34.48m. against £27.94m.

The directors state that trading is generally equal to, or better than, expectation in the company's marine, aeronautical, graphic arts and engineering capital equipment sectors, but remains below budgeted levels in others. Heavy industrial, oil and domestic appliances sectors are still performing very poorly, they add.

The directors are hopeful that the Australian subsidiaries, 100 per cent owned since January, will contribute a profit for 1977 compared with the £461,000 loss for 1976.

Forward orders continue to remain at higher levels than at the same time last year and the directors anticipate an improvement in group results, although they feel it is too early to be more specific on the full year's outcome. Profit for the whole of 1976 was a depressed £1.01m.

Earnings per 25p share are shown to be up from 0.9p to 1.6p and a net interim dividend is announced of 1p compared with 2.212p. There was no final dividend for 1976.

There was an extraordinary credit for the period of £103,000 (£118,000) which represents gains on conversion of foreign currencies.

The financial year-end has been changed to March 31, so the

## First half upsurge by Hanger

REFLECTING the substantial improvement made in real terms, taxable profit of Ford main dealers, Hanger Investments, jumped from £207,000 to £330,300 in the first half of 1977. Subject to the supply of new vehicles the directors anticipate an improvement in the second half over the £293,000 reported for that period last year.

First-half turnover was ahead from £13.28m. to £18.02m. and profit was struck after higher interest of £1.14m. (£0.9m.). Tax equalisation amounted to £201,000 (£119,000) and it is unlikely that any tax will be due in the foreseeable future, the directors state.

comment

Despite a 110 per cent leap in first-half pre-tax profits Allied Polymer is still being held back by its heavy industrial division and first-half profits are still 53 per cent below those earned in 1976. So despite a significant upturn in profits from marine and aviation equipment and from offset printing equipment full-year pre-tax profits may be no more than £1.7m. against £1.01m. last year.

The hose division has continued to make a loss in the first-half although heavy losses over the past two years. Profits from heavy conveyor belting and thereabouts, reflecting the world-wide recession in the coal, steel and heavy construction industries. In the U.K. profits from consumer durables have slipped and there are still problems on the automotive side—although profits are slightly up—with deliveries affected by industrial disputes at motor manufacturers. All the major manufacturers are still under new management, and Australia should make a profit for the year. A share price of 53p gives a capitalisation of £61m.

## Strong and Fisher up to £1.8m.

HIOE, SKINS, leather and tanning group Strong and Fisher (Holdings) boosted pre-tax profit £417,100 to a record £1.84m. turnover £10.6m. higher at £22.2m. in the year ended May 31, 1977.

At half time directors were confident of peak results for the year, and reported all group turnaries working at full capacity with high demand for its suede, grain and workskin products. Half time pre-tax earnings were £1,030m., and similar figures were expected for the second half.

Directors recommend a final dividend of 2.51p per 25p share taking the total for the year to 4.21p, compared with the equivalent of 3.79p. Earnings per share are up from 18.1p to 17.3p.

1977	1976
Turnover	22,200
Trading profit	1,840
Interest payable	300
Depreciation	300
Associated cos. profits	110
Profit before tax	1,350
Tax	800
Net profit	550
Extraordinary profit	31
Available dividend	581
Dividend	221
Retained	360

## DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corre- sponding div.	Total for year	Total last year
Allied Polymer	1.281	Oct. 31	2.21	3.49	2.21
Alva Inv.	2.81	Oct. 31	2.44	5.2	5.2
Anchor Chemical	1.204**	Nov. 11	1.53	2.7	2.7
APV	1.41b)	Oct. 26	3.58	4.99	4.99
Associated Book	1.377	Nov. 11	1.0	2.37	2.37
Brown Brothers	0.51	Oct. 29	0.2	0.71	0.71
R. Cartwright	1.32	Nov. 11	1.0	2.32	2.32
Eastern Produce	1.244§	Nov. 15	1.237§	2.481§	1.85
James Finlay	1.3	Dec. 9	2.75	4.05	4.05
Footwear Ind. Invs.	2.6	Nov. 30	2.43	5.03	5.03
FPA	1.897	Nov. 24	0.5	2.397	2.397
Higgs & Hill	1.897	Dec. 1	1.76	3.657	3.657
Hoskins & Horton	1.51	Nov. 4	1.36	2.87	2.87
Logall Inds.	1.14	Nov. 25	1.01	2.15	2.15
Modern Engineers	1.9	Nov. 7	0.84*	2.74	2.74
Nth. Ind. Improve Tr.	2.7	Jan. 10	2.3	5.0	5.0
Owen Owen	0.627	Dec. 3	0.55	1.177	1.177
Ready Mixed	1.25	Dec. 1	2.2	3.45	3.45
Refuge Assurance	2.57	Nov. 18	1.3	3.87	3.87
Startrite	2.3	Nov. 18	2.13	4.43	4.43
Strong & Fisher	2.51	Nov. 3	2.46*	4.97	4.97
Weeks Assoc.	1.3	Oct. 17	0.4	1.7	1.7

## Brown Brothers jumps 72% at six months

FIRST-HALF 1977 sales of Brown Brothers Corporation rose by 14.7 per cent to £31.95m. and pre-tax profit was 72 per cent higher, £1.25m. For 1976 the profit figure was £0.72m. below the 1972 record of £2.37m.

comment

Brown Brothers' figures are showing the benefits of the earlier decision to phase itself out of the distribution of the export domestic appliances and electrical goods, in order to concentrate on wholesaling motor vehicle parts and accessories. Trading margins have shot up 48 per cent to 4.6 per cent, and profits are 70 per cent ahead of the previous year, he adds.

All the motor divisions of the major distribution company Brown Brothers made substantial progress and continued to increase their planned growth in sales and market share in the half year. The scheduled reduction in the volume of domestic and domestic appliances—was accelerated.

Three additional automotive distribution branches were opened. A further six will be opening during September, five more in October and a further 11 branches are scheduled for opening by the end of the year.

## £12m. half year at RMC: growth seen

TAXABLE PROFIT of Ready Mixed Concrete rose £2m. to £12.02m. on turnover up £31.2m. to £266.15m. in the six months to June 30, 1977. And further solid progress in the second half, is forecast by Mr. J. Camden.

The improvement will largely be due to the fact that outputs in the U.K. operations now appear to be levelling out.

Mr. Camden says that in the first half the volume of business in West Germany showed a disappointing decline while, as anticipated, outputs continued to fall in the U.K.

Ready Mixed is also proposing to offer improved conversion terms to the holders of its 8.5 per cent convertible loan stock. The stock matures on December 31, 1978, and holders can convert in June next year at the rate of 88/89 pence per £100 of loan stock. The company is now proposing that the repayment be 24 shares per £100 nominal of stock.

comment

The construction industry now appears to be stabilising, but economic pressures for a period of six months to June 30, 1977.

Turnover dropped from £12,000,000 to £11,000,000 and net profit has slipped from £39,000 to £18,000 after tax. However, the net interim dividend is held at 0.5p per 25p share, absorbing £40,000. Last year's total was 1.25p and was paid on a pre-tax profit of £15,000.

Contracting is the industry of the group and this division has a substantial order book, Mr. E. J. Ward, chairman, states.

However, the uncertainty surrounding the volume of orders being rounded will be secured over the next six months and the influence first they will have on the pattern of trading in 1978 make it extremely difficult at the moment to forecast profits in the second half of this year.

## Startrite up 28% to £0.4m.

TURNOVER of Startrite Engineering advanced by 21 per cent from £2.55m. to £3.07m. pre-tax profit by 25 per cent from £31,146 to a record £42,000 in the year to June 30, 1977.

At the interim stage profit was up 36 per cent to £28,121 from £20,670. The directors looked forward to continuing progress in the second six months.

The investment programme now being considered, the directors report, but the full implications will not be felt until the end of the current year.

A further tax of £209,141 (£19,000) has been paid, and the directors expect to have improved from 1976 uncertainty about the extent to which the stock will be raised to £3.22 million. It is hoped that the stockholders take advantage of the improved terms the company makes and the strengthened financial position will be significantly strengthened.

## Footwear Industry advance

FOR THE YEAR to May 31, 1977 Footwear Industry Investments reports pre-tax profits ahead from £722,235 to £822,969, on turnover of £9.35m. against £8.93m.

At half-way when the profit advance was from £338,000 to £432,000 the directors said they expected satisfactory results for the full year.

Yearly earnings per 10p share are given at 8.5p (8.8p) and the final dividend is 2.605p net for a 3.87424p (3.373724p) total. Waters amount to £46,028 (£42,451). The directors also propose a three-for-two scrip issue and the conversion of each holding of 24 shares into one 25p share.

They explain that the capitalisation of part of the company's funds will bring the share capital more in line with the funds employed in the business and will also enable the shares to qualify as a wider range trustee investment from January 1, 1978.

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Directors recommend a final dividend of 2.51p per 25p share taking the total for the year to 4.21p, compared with the equivalent of 3.79p. Earnings per share are up from 18.1p to 17.3p.

## Matthew Clark outlook

The AGM will be held at Winchester House, E.C. on October 23 at 11.30 a.m.

comment

Stronger trading, a feature of the last financial year at Gordon and Gotch Holdings, has continued into the current 12 months. Sir Anthony Percival, chairman, told the annual general meeting in London.

The company was ahead of budget, with initial figures from all divisions in the first half substantially above the previous comparable period. While rising costs remained a threat, he was confident that this trend would continue, at least until the early months of 1978.

In view of the good results for the last year, and the satisfactory level of trading since, the directors intended to declare an interim dividend of about 2.5p per 25p share; then, after July 1978, when the Counter Inflation Act 1973 expires, a second dividend of the same amount.

For the year 1976-77 the dividend total was 2.40219p.

## Weeks Associates Ltd

INTERIM REPORT (UNAUDITED) FOR THE 26 WEEKS ENDED 30 AUGUST 1977

	26 Weeks	Half Year	Year
	1977	1976	1976
Turnover	4,374,277	5,530,687	7,130,000
Trading Profit	450,241	314,434	691,434
Interest Paid	77,320	82,104	168,000
Profit Before Taxation	372,921	232,330	523,434
Corporation Tax	178,808	84,000	173,000
Net Earnings	194,113	148,330	350,434
Earnings per Ordinary Share	2.61p	1.99p*	4.67p
Dividend per Share	0.5p	0.402p	1.1p

\* Adjusted for Rights Issue January 1977.

Results: "Results for the first half are in line with expectations. Exports continue to be buoyant and the order situation in all sectors is more favourable than has been for some time. I anticipate a satisfactory outlook for the year."

W. A. Airey, Chairman

Dividends: The Board has declared an interim dividend of 0.5p on the whole of the issued share capital as at the Rights Issue. This will be paid on 26th October 1977 to the shareholders on the register at 17th October 1977.

Copies of the Interim Statement available from the Secretary, Weeks Associates Limited.

Reg. Office: Ferry Road, Heston, N. Hammerside HU13 0J



# Eagle Star

## Income & Growth Bonds

SECOND SERIES

For those who pay tax at 34% an equivalent gross yield of up to

# 12.1%

A first class investment for people of all ages up to 90 giving a guaranteed rate of income or a guaranteed rate of growth over 4 to 10 years.

**Eagle Star Bonds—A choice of Investments**

With the EAGLE GROWTH BOND your investment grows to the guaranteed sum shown below.

With the STAR HIGH INCOME BOND you receive a net income payable yearly and at the end of the term your original investment is also returned.

Your Bond will form a part of the Life Funds of Eagle Star which exceed £750 million.

**The Return**

You choose the term from 4 to 10 years. The returns for each £1000 invested are:—

Term of Years	Star High Income Bond	Maturity Value or of Eagle Growth Bond	Net Yield to Taxpayer	Equivalent to a taxable investment yielding, below tax at 34%
4	£76.00	£1341	7.6%	11.51%
5	£77.00	£1449	7.7%	11.66%
6	£78.00	£1570	7.8%	11.81%
7	£78.50	£1698	7.85%	11.89%
8	£79.00	£1833	7.9%	11.96%
9	£79.50	£1981	7.95%	12.04%
10	£80.00	£2159	8.0%	12.12%

The yield to a basic rate taxpayer is the same for each type of bond.

**Other Information**

Leaflets giving full technical information on each Bond, including an application form, are available from your Insurance Broker or any Eagle Star Office. The main points are as follows:—

On death your original investment is returned in full: to this is added, under the Eagle Growth Bond, an appropriate portion of the growth element. There is no proportionate payment of income or growth in the year of death.

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.

## Toray Industries, Inc.

(Incorporated with limited liability under the laws of Japan)

### U.S. \$30,000,000

7½ per cent. Guaranteed Notes due 1984

unconditionally and irrevocably guaranteed as to payment of principal, premium (if any) and interest by

## The Mitsui Bank, Limited

Issue Price 99½ per cent.

The following have agreed to subscribe or procure subscribers for the Notes:—

- S. G. Warburg & Co. Ltd.
- Nomura Europe N.V.
- Banque de Paris et des Pays-Bas
- Commerzbank Aktiengesellschaft
- Kidder, Peabody International Limited
- Manufacturers Hanover Limited
- Swiss Bank Corporation (Overseas) Limited

The \$30,000 Notes of U.S. \$1,000 each constituting the above issue have been admitted to the Official List of The Stock Exchange. Interest is payable semi-annually on 15th April and 15th October in each year, the first such payment being due on 15th April 1978.

Particulars of the Notes are available from Extel Statistical Services Limited and copies may be obtained during usual business hours up to and including 14th October, 1977 from the Brokers to the issue:—

Rowe & Pitman, Hurst-Brown, City-Gaig House, 29-45 Finsbury Square, London EC2A 1JA.

Strass, Turnbull & Co., 3 Moorgate Place, London EC3R 6HR.

30th September, 1977

**APPLICATION FORM**

To: EAGLE STAR INSURANCE CO. LTD.  
Life Department, (Ref. LC89), P.O. Box No 33, Bath Road, Cheltenham, Glos. GL53 7LQ.

Please issue the following Bond in my name, I am a resident of the United Kingdom. (This offer is not open to residents of the Republic of Ireland, BLOCK CAPITALS PLEASE)

1. Star High Income Bond  2. Eagle Growth Bond  Tick Bond

Investment £..... (Cheque enclosed). Term of years.....

Date of Birth Day..... Month..... Year.....

Full Name.....

Address.....

Signature..... Date.....

If the Star High Income Bond is selected the income will be paid by cheque to you at your home address unless you require it paid direct to your bank or building society account, in which case please complete the following:

The name of the bank.....

NAME OF BANK BUILDING SOCIETY.....

ADDRESS.....

\*Please enter name of account e.g. Current, Loan, Budget, Overdraft, Savings, etc.

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LS/2

# Higgs & Hill ahead so far—sees over £3.2m.

TAXABLE profits doubled from £2.7m for the first half of W. Phillips, the chairman and Hill expects the year to be not less than compared with the record of £1.1m in 1976.

The half-year profit was an exceptional £1.5m for bad debts contract in Jamaica. For the six months ending 30th June 1977, the chairman says that turnover in U.K. activities has exceeded £10m. Substantial investments, Ramat Tzabar and Wankar

## BOARD MEETINGS

The following companies have notified dates of Board meetings. The stock exchange mechanism is usually held for the purpose of considering dividends. Official indications are not available whether dividends are likely to be declared or not. Dividends are based on the last year's results.

**TU-DAY**

Interim: Brooks Watson, Cakelred, Robey, Federal Chemical, Gough Bros., Lyle Shipping, North British Canadian, Treasurers, Sabab Traders, Southern, C. hat turnover in U.K. activities has exceeded £10m. Substantial investments, Ramat Tzabar and Wankar

to 9.7p and the interim dividend is stepped up from 1.70p to 2.08p net, which includes an additional amount for 1976 on the reduction of ACT—last year payments totalled 3.0734p.

	1976	1977	1978
Turnover	20,000	40,000	100,000
Trading profit	1,500	3,000	6,000
Finance	1,500	3,000	6,000
Profit before tax	3,000	6,000	12,000
Tax	800	1,600	3,200
Net profit	2,200	4,400	8,800
Preference div.	100	200	400
Ordinary dividend	1,500	3,000	6,000
Reserves	500	1,000	2,000

## comment

Higgs and Hill has held its trading profits in line with those of the previous six months, and has registered a 28 per cent increase over the comparable period. As yet its investment overseas is only just building-up so these figures still relate to the level of U.K. activity. The current work load is sufficient for the group to predict over £3m for the year, but U.K. orders are becoming harder to find and the outlook for 1978 is far from promising. Hence Higgs and Hill, like many others in the construction sector, is pushing hard to obtain new orders overseas. It is already tentatively suggesting that the proportion of overseas turnover could rise to 25 per cent in 1978. Meanwhile, the liquidity position has been strengthened by two capital sales crossing near £8m—last December net debt stood at £4.85m, equal to 63 per cent of shareholders' funds. The shares rose 9p to 53p yesterday for a prospective p/e of 4.3 and a yield of 6.4 per cent, a rating which is taking account of the difficulties to come.

# APV £2.2m. up at midway

INCLUDING A contribution from the recently acquired Hall-Thermotank, pre-tax profits of APV Holdings expanded from £3.44m to £7.67m in the first half of 1977.

	1977	1978
External turnover	10,000	20,000
Internal turnover	10,000	20,000
Share of associates	50	100
Profit before tax	2,400	4,800
Tax	500	1,000
Net profit	1,900	3,800
Preference dividends	50	100
Ordinary dividend	1,850	3,700
Additional	10	20

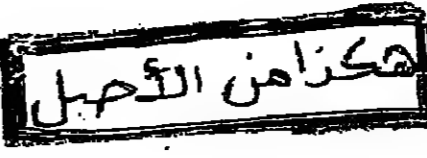
## comment

The directors are expecting the group to achieve higher sales and profits in the second half but some reduction in production is being suffered in the U.K. due to industrial action and it is difficult to see how the group can effect an overall profit. They say that the new acquisition of Hall-Thermotank should be a major contract closure, profits of Hall-Thermotank should be as usual higher in the second half. Hall-Thermotank's contribution to first-half profit was £1.2m, before deducting loan stock interest of £0.32m.

Basic earnings per 50p share are up at 2.7p (21.62p) for the half-year and fully diluted 23.42p. The interim dividend is stepped up from 3.534p to 4.0025p net and there is an additional payment of 0.1021p in respect of 1976, on the

## comment

Setting aside the first full six months earnings from Hall-Thermotank pre-tax profits from APV Holdings were still up 24 per cent. The contribution from H-T—net of loan stock costs—lifts profit growth to 41 per cent, and earnings from the new acquisition are traditionally higher in the second half. This should be even more apparent this time as the period includes a number of contract completions. H-T apart, around 70 per cent of profit growth has been generated overseas, although U.K. profits have held up well considering the recession which has affected demand from the chemical, petro-chemical and general engineering industries. As a result, sales of process equipment to the food, dairy and brewery industries have been buoyant and more than offset any weakness elsewhere. Full year profits should be at least £10m, and if labour problems currently affecting foundry workers and at the Crawley factory are short-lived then profits could be as high as £17.5m. The lower figure gives a prospective p/e of 8.2 while the yield is 4.1 per cent at 43p—reasonable for the engineering sector.



# "Non bisogna imbarcarsi senza bussola"

(Don't put to sea without a compass)

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## strong financial position

chairman is confident the company is on the right policy to be present operating in a gradually improving national economy. He releases an increased work for the construction industry in 1978, in which it will obtain its full year's work in the company.

## contract has been obtained

Saudi Arabia and work will start by the end of this year. In France the company is achieving good returns from its industrial and residential schemes. In property activities in the U.K., the directors are now actively seeking new opportunities. Mr. Phillips, Higgs and Hill has increased its sales substantially during the period and they are looking for continuing growth in this company.

## Half-year earnings per 25p share

are shown to have risen to 9.7p and the interim dividend is stepped up from 1.70p to 2.08p net, which includes an additional amount for 1976 on the reduction of ACT—last year payments totalled 3.0734p.

# Owen Owen deficit

AS FOREWARNED, reflecting the reduced level of consumer spending in both the U.K. and Canada, Owen Owen announces a loss increased from £208,000 to £381,000 for the 26 weeks to July 30, 1977. Including VAT, sales improved from £35.72m to £36.91m.

Mr. J. A. H. Norman, the chairman, reports that there has been some improvement in sales in both countries since July. Given a continuing improvement in the trading climate, he expects the second half to produce the traditionally more satisfactory results. For the year to January 29, 1977, a £2.2m surplus was achieved.

	1977	1978
Turnover	3,571,155	7,000,000
Trading profit	25,843	102,817
Rental income	106,406	44,324
Interest payable	187,794	253,887
Loss before tax	38,351	390,766
Tax credits	16,123	126,815
Net loss	22,428	263,951
Minority loss	3,385	11,204
Exceptional credits	—	158,284
Realn. of investm.	8,250	158,284
Realn. of investm.	8,250	158,284
Debt recovered	31,511	208,745
Surplus sale sub.	48,628	10,613
Excess of assets	—	10,613
Exceptional debits	13,322	94,524
Realn. of investm.	—	94,524
Close-up costs	—	128,197
Repayment Euro loan	—	23,512
Capital reorgn. costs	—	17,174
Goodwill	—	30,394
Group profit	30,394	110,436

The programme for the renovation and integration of the additional stores acquired in November, 1975, and March, 1976, is now largely completed.

Sales in Canada were marginally down in dollar terms representing a 7 per cent sterling decrease. The new store in Niagara Falls was opened in August and has made an encouraging start, he tells members.

	1977	1978
Sales	35,916	35,719
Including VAT	1,815	1,430
Trading loss	724	244
Unaudited profit	143	41
Loss	561	200
Realisation	—	—
Minority loss	10	132
Attributable loss	571	233
Preference dividends	2	2
Ordinary dividends	58	49

# After results at Grimshawe

OWNED from a trading subsidiary of a profit of £2,017 to a profit of £400,000 (£160,000) announced by Grimshawe for the year to 31st March 1977, and after higher earnings and a drop in the pre-tax deficit from £290,760 to £28,561 (£250,712).

He says that these related to a number of debts and investments, many of which were the subject of a contract signed in August, 1974, under which the group's original claims were compromised and substantially reduced.

The sums payable under the compromise contract became due for payment on December 31, 1976. They were not paid and in January we issued a writ for enforcement and applied for summary judgment," Mr. Kenny says.

the retained trading profit of £235m, a small increase on the previous year, was made for a volume in real terms of a decline, according to Mas Kenny, chairman.

national sales in the sectors the company operates in those of a year ago going at present but restriction may be expected in the next few months to come, he says.

Mr. Kenny also states that the firm's non-trading subsidiary has no book value, of which is not finally

company has ceased retail Scotland, which has been for some time on the surplus on sale of the chairman says, "I review last year's certain events came group would receive 600 contingent assets AS is the first of such

defence inter alia that the Moneylenders Act applied in the various transactions. The Court has now held that summary judgment cannot be granted and that the matter must go to trial. Further, Mr. R. Philby was until recently a director of one of the defendants, he was a director and senior executive of Grimshawe when the original transactions took place. Accordingly, we intend to take protective proceedings against him and Mr. Peter Grimshawe, who was then chairman of Grimshawe.

Mr. Kenny also states that the firm's non-trading subsidiary has no book value, of which is not finally

the interim dividend per 25p share is lifted from 0.553p to 0.618p net and an additional 0.031p is payable for 1976-77, consequent upon the reduction in ACT—last year payments totalled 3.553p.

Sales in the U.K. were 8 per cent up in value on the previous

# Sandelson set to join E & O

or Sandelson, former alive and founder of Sandelson and Co., is to be appointed English and Overseas in the next two or three months.

Chairman Mr. Colin Jefferies told shareholders that trading in the first five months of the current year has been most encouraging and that he did not see why this trend should not continue for most of the year.

Further provided the scheme is accepted by the courts the new shares should be quoted on the Stock Exchange by November, reducing issued share capital from £1.7m to £1m.

# Modern Engineers

ON TURNOVER up £1.03m to £3.89m, pre-tax profits of Modern Engineers of Bristol (Holdings) increased from £188,136 to £204,023 for the first six months of 1977, and the directors anticipate that the full year figure will be similar to the £319,037 surplus achieved for all 1976.

	1977	1978
Turnover	3,878,431	2,860,719
Profit before tax	204,023	188,136
Net profit	92,023	88,136
Dividends	15,000	15,000
Reserves	87,023	78,136

The interim dividend per 25p share is lifted from an equivalent 0.64p to 3p net, which includes a further 0.0265p for 1976 following the reduction in ACT—last year's final was an equivalent 1.7197p, adjusted for a one-for-four scrip issue.

# Anchor tops £300,000 in first half

Pre-tax profits of chemical and plastics manufacturers and distributors Anchor Chemical Company advanced from £130,000 to £301,000 for the first half of 1977. All companies contributed, the directors say, and they expect that the full-year results will also show a satisfactory improvement. Profit for the whole of 1976 was a record £423,000.

	1977	1978
Turnover	8,519	4,793
Home	3,430	3,043
Export	1,143	824
Overseas	1,222	926
Operational profit	381	173
Less:	—	—
Pre-tax profit	381	173

The interim dividend is lifted to 2.0399p net per 25p share against 1.8263p. An additional dividend of 0.02875p on ACT reduction, is also declared for 1976, when a final of 1.86875p was paid.

# ONEY MARKET

# rather signal on rates

England Minimum Rate 6 per cent. September 16, 1977. of England reinforced an interest rate to the money market yesterday, rather moderate amount of nine or ten discount seven days at Minimum Rate of 6 per cent. It indicates that the Government do not wish to see any in short-term market for the time being. Particular note fall in the rate at the

Treasury bill tender to-day. The total amount of help given to the market was extremely large, with the authorities also lending a very large amount overnight at MLR to the same number of houses.

Banks carried forward surplus balances from Wednesday. Government disbursements exceeded revenue payments to the Exchequer, and the market was also helped by a slight fall in the note circulation. On the other hand there was a fairly large take-up of Treasury bills to finance, and repayment was made of the extremely large amount lent to the market overnight.

Overnight Certificate of deposits	Interbank	Local Authority deposits	Local Authority negotiable loans	Finance House deposits	Company deposits	Discount market deposits	Treasury bills	Bank bills	Five Year Bill
—	6-6 1/2	5 1/2-5 3/4	—	—	6 1/2-5 1/2	6-6	—	—	—
—	5 1/2-6	6 1/2-5 3/4	6 1/2-5 3/4	5 1/2-6 1/2	6 1/2-5 1/2	5 1/2-6	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4
6 1/2-5 3/4	5 1/2-6	6 1/2-5 3/4	6 1/2-5 3/4	5 1/2-6 1/2	6 1/2-5 1/2	5 1/2-6	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4
5 1/2-6	5 1/2-6	6 1/2-5 3/4	6 1/2-5 3/4	5 1/2-6 1/2	6 1/2-5 1/2	5 1/2-6	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4
6 1/2-5 3/4	5 1/2-6	6 1/2-5 3/4	6 1/2-5 3/4	5 1/2-6 1/2	6 1/2-5 1/2	5 1/2-6	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4
6 1/2-5 3/4	5 1/2-6	6 1/2-5 3/4	6 1/2-5 3/4	5 1/2-6 1/2	6 1/2-5 1/2	5 1/2-6	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4
6 1/2-5 3/4	5 1/2-6	6 1/2-5 3/4	6 1/2-5 3/4	5 1/2-6 1/2	6 1/2-5 1/2	5 1/2-6	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4
6 1/2-5 3/4	5 1/2-6	6 1/2-5 3/4	6 1/2-5 3/4	5 1/2-6 1/2	6 1/2-5 1/2	5 1/2-6	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4

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A FINANCIAL TIMES SURVEY

BAHRAIN BANKING AND FINANCE

OCTOBER 11 1977

The Financial Times is preparing to publish a Survey on Bahrain Banking and Finance. The main headings of the proposed editorial synopsis are set out below.

INTRODUCTION Establishment of Bahrain as a Gulf financial centre: effects on the economy: offshore banking and business growth: prospects for further evolution of the financial centre.

- BAHRAIN MONETARY AGENCY
THE BAHRAIN GOVERNMENT
RETAIL BANKING
OFFSHORE BANKING
SERVICES
LABOUR
LONG TERM FINANCE
COMMUNICATIONS
REPRESENTATIVE OFFICES
EXPATRIATES
WEALTH IN BAHRAIN

The proposed publication date is October 11 1977. For further details of the editorial synopsis and of advertising rates contact:

Laurette L. Lecombe-Peacock, Assistant Overseas Manager—Middle East, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Tel: 01-248 8000 Ext. 515. Telex: 885033 FINTIM G.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

Eastern Produce at £4m. James Finlay midway upsurge

A SIXFOLD increase in pre-tax profit of £4.08m. is reported by Eastern Produce (Holdings) for the six months ended June 30, on turnover up from £8.14m. to £11.15m.

The greatly improved result reflects higher prices obtained by the group's plantations. Tea prices have fallen considerably from the high point early in the year and directors say it is not possible to predict the price which will be obtained for the substantial balance of the crop yet to be marketed.

However, they hope that full year results will allow a final dividend to be paid at the 1978 rate of 3.00p per 50p share.

Dividend payments are recommended with a 1.32p interim dividend. The 1978 final was the last payment. Earnings per share before extraordinary items are 21.5p compared with 2.9p.

Table with 2 columns: Half Year, Full Year. Rows include Turnover, Profit, Dividend, etc.

comment The first-half profits of Eastern Produce have been revolutionised by the high tea prices. Like James Finlay, which also reported yesterday, Eastern derives most of its tea from Africa and has not a single acre of tea in India or Ceylon.

The group made one acquisition last year and further small strategic acquisitions will be considered as opportunity affords.

The chairman said that the group was not almost at the half way stage of the financial year and had budgeted to improve upon the first half of last year. However, in view of the extended withdrawal of a small number of employees...

comment The first-half profits of Eastern Produce have been revolutionised by the high tea prices. Like James Finlay, which also reported yesterday, Eastern derives most of its tea from Africa and has not a single acre of tea in India or Ceylon.

Monument Secs. turns in £124,896

Pre-tax profit of Monument Securities rose from £17,883 to £124,896 for the year to March 31, 1977, and reflects the contribution from subsidiary Universal Towel Company, which is now the sole trading company in the group.

The directors say that the company continues to trade at a satisfactory level and should show a further improvement in the current year. At half-year profit of Monument was £56,000 against a loss of £111,467.

comment The first-half profits of Eastern Produce have been revolutionised by the high tea prices. Like James Finlay, which also reported yesterday, Eastern derives most of its tea from Africa and has not a single acre of tea in India or Ceylon.

Good response to ICL option scheme

ICL received a good response to its first share option offer to employees under the new savings-related share option scheme approved by holders on August 11.

A total of 1m. Ordinary shares were allocated in the first offer, which was made on August 25 at 20p per share, this option price being 90 per cent of the market price on the previous day.

comment The first-half profits of Eastern Produce have been revolutionised by the high tea prices. Like James Finlay, which also reported yesterday, Eastern derives most of its tea from Africa and has not a single acre of tea in India or Ceylon.

Sedgwick Forbes Hong Kong offshoot

The International Insurance broking group, Sedgwick Forbes Holdings, has established a wholly-owned company in Hong Kong.

This company, called Sedgwick Forbes Hong Kong, will initially concentrate on marine insurance broking services.

The group, which reported revenue of more than £30m. for 1976, has 60 offices, including subsidiary and associated companies, throughout the world.

Laurence Scott

A new integrated sheet metal plant, part of £3m. capital investment programme by Laurence Scott, the Norwich-based electrical engineering group, will be opened in Norwich on November 24.

Ingall Inds. declines by some £50,000

After a fall from £118,000 to £11,000 at mid-year, Ingall Industries reports taxable profits down from £23,429 for the year to June 30, 1977.

Earnings are stated at 2.71p (3.2p) per 10p share and the total dividend is lifted from 1.73p to 1.70p (including an additional payment for ACT reduction of 60p final payment of 1.140039p net).

comment The first-half profits of Eastern Produce have been revolutionised by the high tea prices. Like James Finlay, which also reported yesterday, Eastern derives most of its tea from Africa and has not a single acre of tea in India or Ceylon.

Associated Book rises to £1.11m. at half-time

TAXABLE PROFITS for the first six months of 1977 at Associated Book Publishers climbed from £0.77m. to £1.11m. on turnover ahead £1.4m. to £1.46m.

The directors expect the benefits derived from ACT reduction will be maintained and increased marginally by further progress in the second six months, resulting in a satisfactory advance on the £2.2m. target for the year.

comment The first-half profits of Eastern Produce have been revolutionised by the high tea prices. Like James Finlay, which also reported yesterday, Eastern derives most of its tea from Africa and has not a single acre of tea in India or Ceylon.

R. Cartwright pushes higher in first half

On sales £11.700 higher at £2,420,800 R. Cartwright (Holdings) pushed profit £129,900 higher to £296,600 in the six months ended June 30, 1977.

Mr. R. C. Northam, chairman, says that the favourable trend shown in the first half has continued into the third quarter despite some ominous signs.

comment The first-half profits of Eastern Produce have been revolutionised by the high tea prices. Like James Finlay, which also reported yesterday, Eastern derives most of its tea from Africa and has not a single acre of tea in India or Ceylon.

Fitch Lovell moving ahead

Mr. G. T. Webster, chairman of Fitch Lovell stated at the AGM that the first quarter's results were ahead of last year and, while the group's turnover continued strongly, there was evidence of margins coming under pressure.

Hoskins & Horton

Including an exceptional item of £189,500 from the sale of land in the first half of 1977, the statement last year, pre-tax profit of Hoskins and Horton, civil engineers, hospital equipment manufacturers and builders, rose by 41 per cent from £264,600 to £374,100 in the first half of 1977.

Interim Result

Table with 2 columns: 6 months 1977, 6 months 1976. Rows include Turnover, Operating profit, Profit before tax, etc.

Group profits before tax for the first half year increased by 20% to £12,022,000. Further soil progress is expected in the second half of the year.

Weeks at £372,921 so far

IN LINE with expectations, the directors of Howards, a building and construction group, announced that they had made a profit of £372,921 for the first half of 1977.

Stated earnings per 50p share are 32.8p (37p) and the net interim dividend 5.5p (2.75p) should counter-inflation legislation come to an end in July 1978 without being renewed, and no other means of increasing dividends be found in the meantime, the directors anticipate paying a second interim of 1.5p.

comment The first-half profits of Eastern Produce have been revolutionised by the high tea prices. Like James Finlay, which also reported yesterday, Eastern derives most of its tea from Africa and has not a single acre of tea in India or Ceylon.

New auditors for Howard Tenens

Shareholders in Howard Tenens Services voted in favour of the Board resolution at yesterday's AGM to remove Cousins and Co. as the firm's auditors and to appoint Touche Ross.

comment The first-half profits of Eastern Produce have been revolutionised by the high tea prices. Like James Finlay, which also reported yesterday, Eastern derives most of its tea from Africa and has not a single acre of tea in India or Ceylon.

FPA CONSTRUCTION GROUP LIMITED

Table with 2 columns: 6 months 1977, 6 months 1976. Rows include Turnover, Profit before tax, etc.

MAIN POINTS FROM THE STATEMENT OF THE CHAIRMAN MR. B. J. WARD.

- Group has maintained its recovery.
Group is reasonably well placed to take advantage any improvement in the industry.
Contracting Division has a substantial outstanding order book.
Reduction of borrowings in the order of £700,000.
Strengthened financial position.

Zambia Copper Investments Limited

INCORPORATED IN BERMUDA

Extracts from the review by the President, Dr. Z. J. De Beer

Profits and Dividends

Apart from a brief period during March 1977, the price of copper has remained depressed for most of the year under review, and neither Nchanga Consolidated Copper Mines Limited (NCCM), nor Roan Consolidated Mines Limited (RCM) was in a position to declare any dividends during the financial year. ZCI's income in consequence amounted to only US\$2.3 million and, after charging administration expenses, interest payable, foreign taxation and losses arising from currency fluctuations, a profit for the year, before extraordinary items, of US\$1.18 million was recorded, compared with US\$0.15 million in 1976. No dividends were declared during the year.

the 440,007 tonnes produced by NCCM in the year ended 31st March 1977. Copper sales totalled 425,931 tonnes compared with 386,201 tonnes in the previous year, and proceeds from all metal sales amounted to K506.4 million as against K327.2 million in 1976. The average price realised per tonne of copper was K1,072 compared with K768 in the previous year.

During the nine months ended 31st March 1977, RCM produced 197,604 tonnes of finished copper, compared with 205,053 tonnes in the same period last year. Sales were 18,769 tonnes higher at 212,027 tonnes, while the average realisation a tonne of copper was K1,114 compared with K768 in the nine months to 31st March 1976. The company earned a profit after tax for the period of K37.7 million, against which was charged K15.2 million, representing the net increase in foreign liabilities as a result of the kwacha devaluation, leaving a surplus for the nine months of K22.5 million.

Loans from Minerals and Resources Corporation Limited (Minorco) The continued delay in the externalisation of dividends from Zambia, together with the commitment to Botswana RST Limited and the low level of income, resulted in a shortfall in cash resources during 1976. In consequence, it was necessary for ZCI to seek assistance from the company's principal shareholder, Minorco, which provided certain loans at commercial rates of interest. These loans have at 30th June 1977 been repaid in full, but Minorco has indicated that a loan facility of US\$6 million will continue to be available to ZCI to enable the company to meet its commitments.

The Copper Market The rate of recovery in the economies of the industrialised nations remains the predominant factor governing the price of copper on world markets. On the other hand, industrialised economies seem to be moving into a period of restrained expansion, albeit somewhat helter-skelter and with considerably less vigour than was confidently predicted some twelve months ago, and if this proves to be so some price improvement may be expected.

The Zambian Mining Industry In terms of both output and financial results, the performance of the industry over the past twelve months has been creditable, given the considerable difficulties that have been experienced. The shortage of skilled technical personnel remains acute, while the availability of spares is inadequate. Although the kwacha devaluation substantially boosted sales proceeds in kwacha terms, it also contributed significantly to the sharp rise in production costs which occurred during the year. A further effect of the devaluation has been that NCCM and RCM have been obliged to charge against their profits K39 million and K18.2 million respectively, representing the increase in their foreign currency liabilities. Finally, the acute national shortage of foreign exchange makes it very difficult to finance imports essential for the industry.

Production of finished copper at NCCM during the financial year to 31st March 1977 was 427,510 tonnes. This is the second highest annual production recorded, being surpassed only by

Associated Book rises to £1.11m. at half-time

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Hoskins & Horton

Including an exceptional item of £189,500 from the sale of land in the first half of 1977, the statement last year, pre-tax profit of Hoskins and Horton, civil engineers, hospital equipment manufacturers and builders, rose by 41 per cent from £264,600 to £374,100 in the first half of 1977.

Copies of this review and the report and accounts are obtainable from the London office of the company at 40 Holborn Viaduct, EC1P 1AJ or from the office of the United Kingdom Transfer Secretaries, Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

James Finlay midway upsurge

The directors of Howards, a building and construction group, announced that they had made a profit of £372,921 for the first half of 1977.

Stated earnings per 50p share are 32.8p (37p) and the net interim dividend 5.5p (2.75p) should counter-inflation legislation come to an end in July 1978 without being renewed, and no other means of increasing dividends be found in the meantime, the directors anticipate paying a second interim of 1.5p.

comment The first-half profits of Eastern Produce have been revolutionised by the high tea prices. Like James Finlay, which also reported yesterday, Eastern derives most of its tea from Africa and has not a single acre of tea in India or Ceylon.

Good response to ICL option scheme

ICL received a good response to its first share option offer to employees under the new savings-related share option scheme approved by holders on August 11.

A total of 1m. Ordinary shares were allocated in the first offer, which was made on August 25 at 20p per share, this option price being 90 per cent of the market price on the previous day.

New auditors for Howard Tenens

Shareholders in Howard Tenens Services voted in favour of the Board resolution at yesterday's AGM to remove Cousins and Co. as the firm's auditors and to appoint Touche Ross.

FPA CONSTRUCTION GROUP LIMITED

Table with 2 columns: 6 months 1977, 6 months 1976. Rows include Turnover, Profit before tax, etc.

MAIN POINTS FROM THE STATEMENT OF THE CHAIRMAN MR. B. J. WARD.

- Group has maintained its recovery.
Group is reasonably well placed to take advantage any improvement in the industry.
Contracting Division has a substantial outstanding order book.
Reduction of borrowings in the order of £700,000.
Strengthened financial position.

Interim Result

Table with 2 columns: 6 months 1977, 6 months 1976. Rows include Turnover, Operating profit, Profit before tax, etc.

Group profits before tax for the first half year increased by 20% to £12,022,000. Further soil progress is expected in the second half of the year.

The Directors have declared an interim dividend of 2.5p per share and intend that the total dividends for the year will be increased by 10% maximum permitted under dividend control regulations.

Ready Mixed Concrete

Street, Farnham, Surrey GU14 5HA



AND DEALS

a-Dooars rs 400p Moran

res of Moran Tea Hold... ahead yesterday from... following a surprise... share bid from...

EXPANSION AT WADHAM The Wadhams Stringer motor group is expanding into the North West with the acquisition of Skellys (Merseyside) and Skellys (Rent-A-Car). The final consideration has not been fixed, though based on the net asset values of the two companies, together with an undertaking to settle loans outstanding to Skellys' Associated Companies, the outlay could be £1.1m.

NEB STAKE IN HIBENT The National Enterprise Board is taking a £54,000 equity stake in Tyne and Wear air pollution control equipment concern Hibent.

OFFER FOR FIELD company has made a offer for the Kilmarnock engineering works of Kennedy. This subsidiary of Crane U.K. to receivership earlier

INT. COMBUSTION ACQUISITION International Combustion (Holdings) has acquired Bardic Engineering for £780,000 cash. In addition there may be a deferred consideration related to pre-tax profit of Bardic for the year to March 31, 1978, of a sum not exceeding £250,000, equal to two and a-half times the amount by which such profit exceeds £250,000, plus a sum not exceeding £50,000.

COUNTY AND DISTRICT PROPERTIES LIMITED

tracts from Report and Accounts to 31 March 1977 Gross income £1.57m—up 106%. Revenue after tax £.32m—up 105%. Dividend 12%—792p per share (.1p). Earnings per share 2.80p—up 85%. Shareholders' funds: £10.9m (109p)—up 60%.

Henry Sykes Interim Report

or the 26 weeks ended 26th June 1977 An outstanding half year when compared with the first half of 1976 Such an exceptional advance will be difficult to repeat but the steady rate of growth established over recent years should be maintained Second half of 1977 has started well with full order books

Table with 2 columns: 26 weeks to 26.6.77, 26 weeks to 27.6.76. Rows: Sales (9,544 vs 6,904), Profit before taxation (1,124 vs 733), Profit after taxation & extraordinary items (512 vs 405).

E. G. Spearing, Executive Chairman, comments: "In a period in which the industries we serve have had problems, our profits and earnings have exceeded forecasts and we expect these trends to continue"

equal to the amount by which such pre-tax profit exceeds £550,000. The vendors will also receive a sum equal to net proceeds of the sale of an investment property owned by Bardic. This property has net book value £55,000 but has estimated value of £130,000.

There is a surplus over book value on certain properties in excess of £170,000. The principal activities of Bardic are aluminium founding and the supply of machined castings and propellers.

DALE HAS 54% OF HOUCHIN Dale Electric International, the Yorkshire generating set manufacturer, now controls 54 per cent. of the shares of Houchin, following its agreed £7.7m takeover bid, announced on September 20.

Under the terms of the lease-back, the precise split of income will be determined by rental levels between now and 1980. The company will continue to hold a significant interest and it is currently estimated that it will retain some 25 per cent. of the income over the term of the 150 years' lease.

CAPITAL & COUNTIES Property Company announces that the sale and leaseback of the Victoria Centre to the Pension Fund of Imperial Chemical Industries, was completed yesterday.

Under the terms of the lease-back, the precise split of income will be determined by rental levels between now and 1980. The company will continue to hold a significant interest and it is currently estimated that it will retain some 25 per cent. of the income over the term of the 150 years' lease.

PMA SELLS OFFSHOOT PMA Holdings has sold packing subsidiary Lloyds Packing Warehouses for £20,000 against a deficiency of net tangible assets of £1,291,000, of £1,271,000 in addition a payment of £100,000 was received on settlement of group indebtedness in Lloyds.

TURNER & NEWALL/STOREY BROS. The agreed bid by Turner and Newall for Storey Brothers is now unconditional following acceptance from shareholders representing 85 per cent. of Storey, it was announced yesterday.

MOORE/LAMSON Moore Corporation and Lamson Industries announce that the scheme involving the acquisition by Moore Business Forms, a wholly-owned subsidiary of Moore, of the Preference capital of

RHEEM/REDFEARN Rheem International has officially confirmed that, although its offer has now automatically lapsed, it intends to undergo the investigation by the Monopolies Commission into its partial offer for Redfearn Nepton.

CHARRINGTONS The document containing details of the formal offer by Coalite and Chemical for Charringtons Industrial Holdings, recently given surprise clearance by the Office of Fair Trading to proceed, has been sent out to shareholders.

MKU RECEIVES LOAN FUNDS The Australian Government and Conzinc Riotinto of Australia are providing another \$A20m (£12.5m) to MKU, its only producing uranium mine, reports our Canberra correspondent.

Profits and Earnings surge ahead Six Months 30.6.77 Six Months 30.6.76 Increase 1977 on 1976

Table with 3 columns: Item, Six Months 30.6.77, Six Months 30.6.76, Increase 1977 on 1976. Rows: Turnover (31,950 vs 27,853, 14.7%), Pre-Tax Profit (1,290 vs 750, 72.0%), Interim Dividend (0.5p vs 0.2p, 150.0%), Earnings per share (1.275p vs 0.810p, 57.4%).

E. G. Spearing, Executive Chairman, comments: "In a period in which the industries we serve have had problems, our profits and earnings have exceeded forecasts and we expect these trends to continue"

MINING NEWS

Saint Piran floats off South Crofty

BY PAUL CHEESBRIGHT

THE LONDON mining and house-building group, Saint Piran, is to set 33 per cent. of the issued capital of South Crofty, a wholly owned subsidiary and the operator of the biggest tin mine in the country.

It is announced to-day, that 3.25m. shares with a par value of 10p each will be offered for sale at 50p each. This should realise £2.625m. for Saint Piran, and values the issued capital of South Crofty at £7.5m.

On the London market it is generally assumed that the South Crofty sale will be a success. Indeed some brokers suggest that the offer price has been plied.

HEWDEN STUART ACQUISITION Agreement has been reached whereby Hewden Stuart Plant will acquire the capital of Murray Pipework in exchange for 1,162,791 ordinary shares.

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March 1978. Pre-tax profits last year were £1.5m. But this is a conservative estimate. The prediction is made on a basis of an average tin price of 25.0p against the average of 24.08t received in the last financial year. In fact the tin price has been over £20.00 since July 14, and yesterday closed at a record £5.76d.

It has two mineral prospects in the west. The first is the Castle-Dun-Donair deposit which has been partly mined in the past. Exploratory drilling has taken place and the results are being evaluated. The second prospect is not named.

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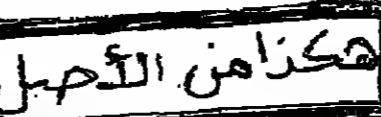
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E. G. Spearing, Executive Chairman, comments: "In a period in which the industries we serve have had problems, our profits and earnings have exceeded forecasts and we expect these trends to continue"



Interim Statement

Table with 3 columns: 6 months to 30.6.77, 6 months to 30.6.76, Year 1976. Rows: Operating Profit (including share of Associates' results) 19.0 vs 14.7 vs 43.0, Interest payable (net) 1.5 vs - vs -, Interest receivable (net) - vs 1.3 vs 1.5, Profit before Taxation 17.5 vs 16.0 vs 44.5, Taxation 8.8 vs 8.2 vs 24.4, Profit after Taxation 8.7 vs 7.8 vs 20.1, Minority interests 0.3 vs 0.3 vs 0.7, Net Profit after Taxation attributable to the Group 8.4 vs 7.5 vs 19.4.

NOTE: The results for the half-year to 30 June 1976 are not strictly comparable with those for the first half of 1977 as the former do not reflect the later change of accounting procedure under Statement of Standard Accounting Practice No. 9.

Mr. R. B. Smith, The Chairman, states: "The value of work carried out during the half-year at £335m was 14% up on the corresponding period of 1976. Although the United Kingdom construction market is still depressed, the orders have ceased to decline in the last few months, though at the expense of profit margins. The maintenance of an active home market is vital, not only in itself, but as a base for continued expansion overseas. Sales of private houses are proceeding satisfactorily. The effect of the employment of funds in property acquisitions and development, many of which have not reached the income-producing stage, is reflected in the change in interest receivable and payable."

George Wimpey & Co. Limited, Hammersmith Grove London W6 7EN.

J & J DYSON LTD

THE MAIN TRADING ACTIVITIES OF THE GROUP ARE THE MANUFACTURE OF REFRACTORIES, SALE OF MOTOR VEHICLES AND SUPPLIES AND THE MANUFACTURING OF VEHICLE TRAILERS, BUILDERS MERCHANTING, AND THE SUPPLY OF LABORATORY EQUIPMENT.

Turnover and Profits both increased

- Salient points from the circulated statement of the Chairman, Mr. Gerald A. Lomas, for the year ended 31st March, 1977. \* The profits, subject only to taxation, emerge as £2,302,907 as compared with £1,310,338 for the year ended 31st March, 1976. This is after a turnover of £29,930,054 as compared with £23,491,266 the previous year. Your Directors propose a final dividend of 1.675p. \* Oyson Refractories Limited - The effect of the reorganisation of this division has been reflected in the results and the contribution to the group profitability has once again become significant. \* Pickford, Holland and Co. Ltd. improved their turnover by almost 40% in a year when world trading conditions were generally stagnant. \* M. & G. Trailers (Lye) Limited have just received our largest single order in the United Kingdom which, together with existing export orders, should ensure a significant contribution to Group profit. \* The Builders Centre (Sheffield) Limited - A satisfactory achievement in difficult circumstances and we look forward to increased activity and profit. \* Sandygata Motor Services Limited enjoys a high reputation and should produce a good profit over the long term. \* Beecroft and Partners (Metallurgists) Limited achieved a record profit by a combination of increased turnover and stringent cost control. \* Efforts will be maintained and I anticipate that in the absence of any major setback beyond our control the Company's profitability will continue to improve. The Company is trading very profitably but we have now arrived at the stage where we must consider ourselves to be somewhat under-capitalised. I foresee therefore, that in the near future your Directors will seek to obtain additional working capital most probably by way of a rights issue. This decision, of course, would be advised as soon as it is made.

Copies of the Report and Accounts are obtainable from the Secretary, Griffs Works, Stanington, nr. Sheffield S6 6BW.

Wagon Industrial Holdings Ltd.

Salient Points from Review by Mr. C. Leslie Smith, O.B.E., Chairman: Trading conditions were difficult, yet the Group produced record sales figures and achieved an earnings ratio of more than 28% on the capital employed in the business. The results justify your directors recommending the maximum permissible increase in dividend to 6.88p per share, making a gross total with tax credit of 10.48p compared with 9.53p last year. In June we completed the purchase of the Antocks Laim Group Limited who are steel furniture specialists with manufacturing facilities at High Wycombe and Sheerness. This acquisition will add considerably to our strength, and also be complementary to our existing steel furniture activities. We have also accepted the opportunity to buy the assets and name of Leabank Office Equipment Ltd. from Rubery Owen Ltd., transferring the plant to a new site in Wales where we anticipate being fully operational towards the end of our financial year. We have made an encouraging start to the current year and provided nothing unforeseen occurs, I look for a marked improvement in sales and profits.

Key Figures for the Year 1976/77 1977 1976. Rows: Turnover (27,548 vs 26,017), Profit before Tax (2,677 vs 2,765), Tax (1,386 vs 1,450), Extraordinary Items (72 vs -), Profit attributable to Shareholders (1,346 vs 1,280), Retained Profit (721 vs 1,715).

Copies of the Report and Accounts may be obtained from The Secretary, Wagon Industrial Holdings Limited, Imperial House, Bournville Lane, Birmingham B30 1QZ.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

SKF looks to overseas divisions as profit slips

BY JOHN WALKER

STOCKHOLM, Sept. 29.

THE PRE-TAX profit of the SKF group for the first eight months of this year showed a drop to Kr.75m. compared with Kr.133m. in the same period of 1976...

Holland Amerika moves to Caribbean

By A Correspondent

AMSTERDAM, Sept. 29.

HOLLAND Amerika Lijn Holdings NV is to move its headquarters out of Holland. The company will move to the Netherlands...

Head of Italcasse steps down

BY PAUL BETTS

A MAJOR POLITICAL storm was being averted here by the decision of Sig. Giuseppe Arcaini to resign as director general of Italcasse...

Deutsche Babcock sales flat

BY GUY HAWTIN

FRANKFURT, Sept. 29.

THERE HAS been no improvement in West German demand for mechanical engineering products and plant...

Publisher sees sales growth

GRÜNER and Jahr, the Hamburg-based publishing house, saw sales rise by more than 20 per cent last year.

Nobel makes U.S. purchase

By Our Own Correspondent

STOCKHOLM, Sept. 29.

THE NOBEL CHEMICAL division of Bofors, the Swedish steel and chemical company...

AMERICAN NEWS

Bayer bid faces Federal scrutiny

BY JOHN WYLES

FEDERAL GOVERNMENT anti-trust officials are to scrutinize the \$218m. bid by West Germany's Bayer AG for Miles Laboratories to establish its possible effects on competition in the pharmaceutical industry...

EUROBONDS

Topics for the secondary market

BY MARY CAMPBELL

DOLLAR EURO-BOND dealers were yesterday predicting no change, or even perhaps a fall in the U.S. money supply figures...

FIAT CONCORD S.A.I.C. ARGENTINA U.S. \$35,000,000 MEDIUM TERM LOAN. Advertisement for a loan with details of terms and conditions.

Wintershall BASF deal

COMPENSATION proceedings in respect of the Wintershall-BASF merger have ended in a settlement whereby those Wintershall shareholders who remained until the 20th October 1977...

Siemens on short time

SIEMENS AG said it plans short-time working from October 1 to January inclusive for around 3,000 employees in its medicine technology sector...

Machines Bull earns Frs.54m.

COMPAGNIE DES Machines Bull, a holding company with a controlling stake in Honeywell-Bull, announced net earnings of Frs.54m. for the exceptional 18-month fiscal year ended on June 30, 1977...

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION. World Value of the Dollar. Exchange rate table and advertisement for a \$100 million loan.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

مكثان التحليل

Steel companies agree to operate

PARIS, Sept. 29. The biggest French pro-steel steel, Creusot-Loire, Uginex, and the Pechelony-Uginex group, are planning to merge...

Direct talks between VFW and MBB

By FIONATHAN CARR. A FURTHER STEP on the road to reorganisation of the West German aerospace industry...

BONN, Sept. 29. The company's works council of its own plan to rationalise the industry and safeguard the company's future.

Boral buys 17% of Brisbane & Wunderlich

By James Forth. SYDNEY, Sept. 29. THE TANGLED struggle for control of Brisbane & Wunderlich...

SOUTH AFRICAN NEWS Stock market at peak

JOHANNESBURG, Sept. 29. HAVING BROKEN through the current outlook for institutional investors...

Primrose on dividends

THE ANNUAL REPORT of Primrose Industrial, the main brick producer in South Africa, for the year to 1977...

Bahrain to issue public bonds

BY DOINA THOMAS. TO-MORROW the Bahrain Government will open the subscription lists for its first-ever public bond issue.

BAHRAIN, Sept. 29. less inflammatory way of financing government expenditure, than the straight conversion of dollar oil revenues into dinars.

Toshiba sees earnings fall

TOKYO SHIBURA Electric Company (Toshiba) expects its net earnings in the half-year ending this month and the year to decline...

Large at Kwong. HONG KONG, Sept. 29. VONG Shipping and Transport has lifted first-half profit by 49 per cent...

SELECTED EURODOLLAR BOND PRICES

Table with columns for Bid, Offer, and various bond types like Norik Hydro 8 1/2% 1982, etc.

FLOATING RATE NOTES

Table with columns for Bid, Offer, and various floating rate notes like Bank of Tokyo 1980, etc.

CONVERTIBLES

Table with columns for Bid, Offer, and various convertible bonds like American Express 1987, etc.

MINORCO MINERALS AND RESOURCES CORPORATION LIMITED (Incorporated in Bermuda)

Extracts from the review by the President, Mr. W. D. Wilson

The corporation's profits for the year ended 30th June 1977 were considerably higher than in 1976, mainly because of increased dividends from Englehard Minerals & Chemicals Corporation (EMC)...

Salomon Brothers International Limited. One Mark Lane, London EC2R 6AB, England. Salomon Brothers (Hong Kong Branch): 2907 Alexandra House, 16-20 Chater Rd., Hong Kong.

Citicorp Overseas Finance Corporation N.V. (Incorporated with limited liability in the Netherlands Antilles). U.S. \$100,000,000 6 3/4% Guaranteed Notes Due 1980. U.S. \$200,000,000 7% Guaranteed Notes Due 1981. Unconditionally guaranteed by CITICORP.

APPOINTMENTS

Chief Executive

for a well known and long established group, a medium sized public company, with substantial interests in engineering manufacture, engineering services and stockholding. These diverse activities are spread throughout the United Kingdom.

• RESPONSIBILITY will be for the total management of the group. Emphasis will be on further growth to take the business with increasing profitability into the 1980s.

• THE need is for an accomplished Managing Director, a qualified engineer, thoroughly experienced in directing the affairs of a profitable business. The qualities of personal leadership and commercial acumen are important.

• PREFERRED age around 45. Terms are for discussion. The salary element will be around £25,000.

Write in complete confidence to P.A.R. Lindsay as adviser to the group.

TYZACK & PARTNERS LTD 10 HALLAM STREET LONDON W1N 6DJ 12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

Marketing Director

• IMPENDING retirement gives rise to this appointment. The company has an enviable reputation for the technical excellence of its formed metal components supplied to a wide range of OEMs in world markets.

• THE role is to generate profitable growth in the UK and overseas. Through home and export sales managers, responsibility includes: the direction and motivation of the sales force, the appointment of agents, pricing policy and the identification of new markets and products. Success will lead to progressive extension of responsibility and further advancement.

• ESSENTIAL requirements are: a broadly based technical comprehension, personal experience of selling and sales management, and success in directing the marketing of components to OEMs in the UK and overseas. Fluency in a European language would be an important asset.

• PREFERRED age: under 40. Terms are for discussion based on a starting salary of not less than £12,000.

Write in complete confidence to K. R. C. Slater as adviser to the company.

TYZACK & PARTNERS LTD 10 HALLAM STREET LONDON W1N 6DJ 12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

INVESTMENT ANALYST

Leading Financial Institution based in Dublin requires an EXPERIENCED INVESTMENT ANALYST

for a senior position in its RESEARCH DEPARTMENT

Close liaison with companies is envisaged and maximum scope will be given to an individual with the necessary flair and creativity to develop new ideas

Applicants should have an Economic or Financial background. The successful candidate will probably be a graduate.

Experience in the London Stock Exchange or with an Investment Institution would be particularly advantageous. A very competitive salary will be offered to the right candidate. Replies will be treated in the strictest confidence.

Reply Box A 6192, Financial Times 10, Cannon Street, EC4P 4BY.

LEADING FINANCIAL CONCERN requires PORTFOLIO INVESTMENT ANALYST

for work on U.S. Stock and Bond portfolios.

Preferably an Economics Graduate with approximately 3 years' experience.

Good salary and working conditions in City-based office.

Please write Box A 6097, Financial Times, 10, Cannon Street, EC4P 4BY.

INTELLIGENT, ADAPTABLE PERSON WITH PERSONALITY REQUIRED BY FIRM OF STOCKBROKERS

For a permanent position in their DEALING ROOM

Previous experience desired, but not essential. Hours 9.15 to 4.30. Negotiable salary together with a good bonus and lunch vouchers.

Please telephone Mr. J. R. ...

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE Chancery Division... NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company... THE GENERAL IRON FOUNDRY CO. LIMITED...

IN THE HIGH COURT OF JUSTICE Chancery Division... NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company... THE MAYOR AND COUNCILLORS OF THE ROYAL BOROUGH OF WINDSOR...

IN THE HIGH COURT OF JUSTICE Chancery Division... NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company... SHARPE PRITCHARD & CO.

IN THE HIGH COURT OF JUSTICE Chancery Division... NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company... THE SECRETARY OF STATE FOR TRADE...

IN THE HIGH COURT OF JUSTICE Chancery Division... NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company... THE THARIS SUDAN AND ISSUE OF 500 000 NEW REGISTERED SHARES...

COMPANY NOTICES

REPRESENTATIVE with experience in all types of leasing finance for all types of equipment machinery, etc. wanted by Mayfair firm on full or part-time basis.

COMMODITY APPOINTMENTS LTD require a Senior Commodity Analyst for a senior position in its RESEARCH DEPARTMENT.

APPOINTMENTS WANTED MILANESE based in Rome distinguished international career in international business.

COMPANY NOTICES THE THARIS SUDAN AND ISSUE OF 500 000 NEW REGISTERED SHARES...

ELF AQUITAINE (Anc Ste Nationale Des Petroles D'Aquitaine)

ART GALLERIES GILBERT PARR GALLERY, 285 Kings Road, Chelsea, London SW3 4LR.

CLUBS EYE, 199 Regent Street, London W1A 2AB.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOTTERS

TESTING Sees faults in hot steel

ONE of the dreams of the steel bar and tubemaker, to cut subsequent production costs by finding intermetal faults while the metal is still hot, has been realised at the Hinxton Hall laboratories of Tube Investments.

INSTRUMENTS Scopes from Carbon fibre's new start

FROM a basis of environmental testing and its associated electronic Climaire Air Conditioning of New Malden has decided to extend its business by offering oscilloscopes made by BWD Electronics in Australia.

MATERIALS Finds holes in film

DETECTION of flaws in light-conductive and extremely hard-wearing photoconductive materials to act as a conductor for electron beams in a detection array based on fine carbon fibre.

PACKAGING High speed cartoning

TWO PACKAGING machines are at prototype stage at Precision Engineering Products (PEP), Bury St Edmunds. The company is a Unilever subsidiary.

COMPUTERS More power to the scientist's elbow

OFFERING sharp competition to the IBM portable computer and to comparable units from Wang, Olivetti and other competitors is a new desk-top machine from Hewlett-Packard.

PROCESSES Chlorine controlled

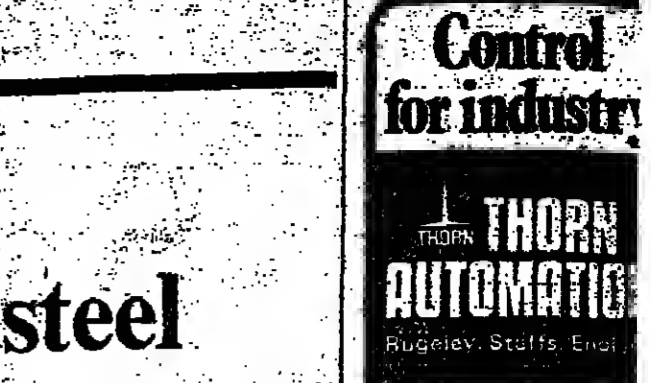
THE LEVEL of chlorine in open evaporative retreating cooling water systems, paper mills and brewery pasteurisers, can be controlled by using sustained slow release microencapsulated chlorine tablets.

SERVICES Real time bureau

A RELATIVELY small company called Teleprocessing Computer Centre has decided to come to the market with a bureau service offering each customer continuous on-line real time processing with simple terminals at single or multiple locations.

METALWORKING Economical drill unit

AIR TURBINE driven drills tend to be noisy, and it has been argued, use too much energy in the form of electrical power to supply the compressed air.



COMMUNICATIONS Fiche over the phone

BASED on experience with a U.K. police force, Transvision of pictures, phone lines, Complex Term has developed a system for multi-location retrieval of a realised company of organised documents.

PACKAGING High speed cartoning

First production model of new bottom loader has just been sold to a Dutch company, for cartoning milk beverages.

COMPUTERS More power to the scientist's elbow

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PACKAGING High speed cartoning

First production model of new bottom loader has just been sold to a Dutch company, for cartoning milk beverages.



The ITC receives compulsory contributions from the producer countries and voluntary contributions from consumer countries. The Buffer Stock Manager buys tin into his stockpile to support the floor price and sells tin when the price rises, to defend the ceiling price. At present the tin metal price is substantially above the buffer stock price ranges of Malaysian ringgits 1,200-1,500 per picul (equivalent to £4,636-£5,795 per tonne at an exchange rate of 4.28 ringgits to £1). Therefore the ITC currently has little, if any, stocks of tin and its powers to restrict fluctuations in the price of tin are thereby limited.

As a last resort, the ITC can require export controls to be imposed, if the floor price is severely threatened, thus limiting the production of tin metal by producer countries. The United Kingdom does not qualify as a producer country and tin restrictions, if imposed, would not materially affect the Group's production or sales.

The other major organisation which influences the tin metal price is the GSA, the controlling authority for American stockpiled materials, but it can sell tin only with the approval of Congress. During the course of the Korean War, the GSA accumulated about 350,000 tonnes of tin metal stocks, of which during the last 14 years over 145,000 tonnes have been sold. By virtue of its ability to release further stocks of tin metal on the world markets, the GSA may be able in the short term to regulate tin metal prices to a greater extent than the ITC.

From the statistical viewpoint, tin is in short supply. Production and consumption statistics show that since 1960 there has been a shortfall in production of a total of 213,000 tonnes of tin metal. However sales by the GSA have lessened the effect of the shortfall and have been a major influence on tin metal prices during the period.

It is believed that the deficit between supply and demand will continue. The effect of continuing deficits is likely to lead to higher tin prices on world markets, which will be to the benefit of the Group. Though in the past the Group has sold tin on the forward market, this practice was discontinued in December, 1976, and it is not now the Group's policy to make forward sales.

**3.11 PROFITS AND DIVIDENDS**

As you will see from section 5 of the Accountants' Report, the profits of the Group have risen substantially. The Group is currently experiencing favourable trading conditions. The directors have made the following principal assumptions in preparing their profit forecast for the year ending 31st March, 1978:—

1. The Group's present composition, management and commercial end accounting policies will remain unchanged.
2. There will be no material changes in legislation or regulations affecting the Group's activities or the markets within which it operates or in the bases or rates of taxation.
3. No major stoppages caused by mechanical failure or labour disputes will significantly affect production.
4. Adequate provision has been made for both known and anticipated increases in labour and material costs.
5. There will be no external restriction on the output and sales of tin concentrate.
6. Payability (as referred to in the notes to 3.6) will be not less than 35%.
7. There will be no forward sales of tin.
8. The average price of tin metal from 1st September, 1977 which determines the price of concentrates produced by the Group, will be £5,900 per tonne.

On the basis of the above directors forecast that, in the absence of unforeseen circumstances, the profits of the Group attributable to shareholders in the Company for the year ending 31st March, 1978 will be not less than £2,000,000, before taxation and extraordinary items. It is therefore the directors' intention to declare an interim dividend for the year ending 31st March, 1978 of 1.65p per share (16.5 per cent) payable in or about February 1978 and to recommend a final dividend for that year of 2.475p per share (24.75 per cent) payable in or about August 1978 which, together with the associated tax credits, assuming ACT at 34 per cent, would be equivalent to a gross distribution of 6.25p per share (62.5 per cent).

On the above basis the dividend would be covered 1.55 times by profits after taxation and, at the offer price of 50p per share, the ordinary shares being offered for sale would show a dividend yield of 12.5 per cent.

Yours faithfully,  
P. C. BIJCHANAN, Chairman

**4 Geological and Mining Consultants' Report**

The following is a copy of a report from Mackay and Schnellmann Limited, geological and mining consultants.

Lincoln House, 296/302, High Holborn  
London WC1V 7JJ

The Directors, South Crofty, Limited  
The Directors, Joseph Sebag & Co.  
29th September, 1977  
Gentlemen

You have instructed us to report on the mining operations at South Crofty and Pendarves.

1.01 In the course of the preparation of this report, we have visited the mines at South Crofty and Pendarves and we have been afforded full access to all the books and records kept of the operations conducted there. We have also inspected all those aspects of the operations which we considered relevant from the geological work through to the production of tin concentrates, including reference to the essential component costs through to the sale of the concentrate. We have also carried out such check sampling as we have considered necessary.

**2.00 GENERAL**

**2.10 Location, History and Geology**

2.11 The properties which are the subject of this report are known as South Crofty Mine which is situated at Redruth, Cornwall, and Wheal Pendarves Mine which is situated at Camborne, Cornwall.

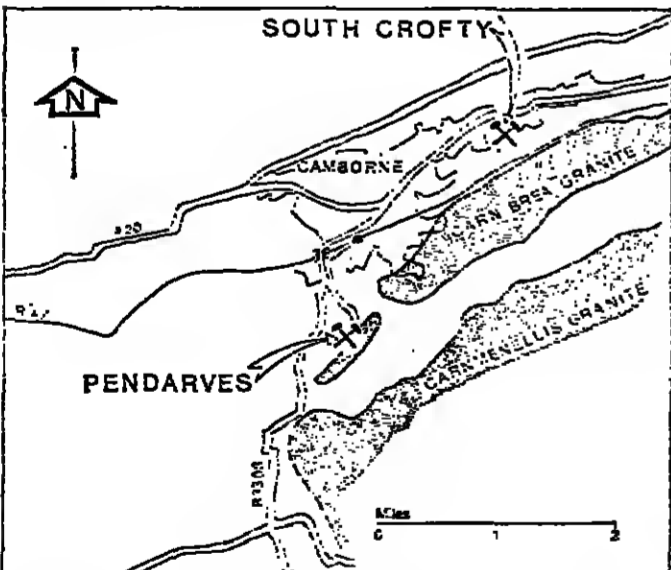


Figure 1

2.12 South Crofty has been in production as a tin mine since the last century. There has been a mine at Pendarves since about the same date, although the present shaft and operations are relatively new, having commenced production in 1967.

2.13 South Crofty and Pendarves lie respectively within the northern margins of the Carn Brea and Carnmenellis granites (Figure 1) in Cornwall.

**2.20 Mineralisation**

2.21 Cassiterite and wolframite, which are tin and tungsten bearing minerals respectively, are to be found at South Crofty and Wheal Pendarves in a series of subparallel high dipping lode structures on an east-north-east strike traversing both the granites and country rocks, which are locally known as 'killas'. A series of north-north-west striking cross courses are also present but are generally barren of economic mineralisation.

2.22 At South Crofty there are some tin only lodes which are known to exist, but at Pendarves there are two main lodes, which are worked.

2.23 The mineralogy of South Crofty and the mineralogy of Pendarves are similar; any significant differences are caused by the effect of weathering at Pendarves. Gangue and associated minerals in the mines include quartz, tourmaline, chlorite, haematite, chalcophyllite, arsenopyrite, fluonite and pyrite.

**2.30 Sampling**

2.31 At both mines chip samples are taken at regular intervals in the development headings and backs of stopes. At South Crofty the heading sampling interval is 3 metres whilst at Pendarves a 2 metre interval is normal. At each sampling location the different rock types are sampled separately.

2.32 After crushing and splitting, the samples are analysed with a portable isotope fluorescence instrument by atomic absorption spectrophotometry or by wet chemical methods in the South Crofty laboratory. Analysis of individual samples by more than one method maintains a continuous check on the results.

**2.40 Reserves**

2.41 Underground sampling results are the basis on which reserves are calculated by accepted methods of the mining industry. Unworked blocks are based on samples taken from development headings, whilst partially stoped-out blocks take note of stopes samples.

**2.42 Demonstrated reserves**

Measured ore:—317,834 tonnes of tin ore with an average grade of 1.96% Sn. There is a 95% probability that the actual tonnage of tin ore lies within limits of plus or minus 6.3% and that the actual grade lies within limits of plus or minus 8.2%.

Indicated ore:—576,785 tonnes of tin ore with an average grade of 1.69% Sn.

2.43 In addition there is *Inferred ore* of the order of 1,250,000 tonnes. This is not included in the *Demonstrated reserves*. At South Crofty the *Inferred ore*, apart from a small block above the 260 fathom level, is assumed to lie in a block below the 360 fathom level between 300 metres south and 600 metres north of Robinson's Shaft, to a depth of 145 metres, over a strike length of 1,650 metres. At Pendarves the *Inferred ore* is assumed to lie in a rectangular block below the 5 level to a depth of 121 metres, over a strike length of 2,050 metres.

2.44 The above terms *Measured, Indicated, Demonstrated* and *Inferred ore* used according to the United States Bureau of Mines' internationally accepted classification of reserves, which defines them as follows:—

*Measured*—Reserves or resources for which tonnage is computed from dimensions revealed in outcrops, trenches, workings, and drill holes and for which the grade is computed from the results of detailed sampling. The sites for inspection, sampling, and measurement are spaced so closely and the geologic character is so well defined that size, shape, and mineral content are well established. The computed tonnage and grade are judged to be accurate within limits which are stated, and no such limit is judged to be different from the computed tonnage or grade by more than 20 percent.

*Indicated*—Reserves or resources for which tonnage and grade are computed partly from specific measurements, samples, or production data and partly from projection for a reasonable distance on geologic evidence. The sites available for inspection, measurement, and sampling are too widely or otherwise inappropriately spaced to permit the mineral bodies to be outlined completely or the grade established throughout.

*Demonstrated*—A collective term for the sum of measured and indicated reserves or resources.

*Inferred*—Reserves or resources for which quantitative estimates are based largely on broad knowledge of the geologic character of the deposit and for which there are few, if any, samples or measurements. The estimates are based on an assumed continuity or repetition, of which there is geologic evidence; this evidence may include comparison with deposits of similar type. Bodies that are completely concealed may be included if there is specific geologic evidence of their presence. Estimates of inferred reserves or resources should include a statement of the specific limits within which the inferred material may lie.

2.45 In our opinion, the economic life of South Crofty and Pendarves is not restricted by the time which will be taken to extract the *Demonstrated reserves*. It is common for such underground lode mines to have *Demonstrated reserves* which would support production for no more than 2 or 3 years, as it is generally accepted that the development costs of proving a much greater quantity of *Demonstrated reserves* cannot be justified in terms of capital expenditure.

2.46 The history, geology and mineralisation of the mineral province of which South Crofty and Pendarves form a part justify a projection of a working life of at least ten years and probably longer.

**3.00 MINING**

**3.10 Access**

3.11 At South Crofty, ore and waste are hoisted from the underground crushing plant through Cook's Shaft in skips to the surface. Robinson's Shaft is used for conveying men and materials. Two other main shafts serve merely for ventilation.

3.12 Pendarves is served by Simms' Shaft, one compartment of which is used for hoisting of skips containing ore and another for men, materials and cars of waste rock. A second access provides ventilation and an emergency exit.

**3.20 Development**

3.21 Cross-cuts have been driven from the shafts across the veins of tin bearing mineral along which development headings and haulages have been driven. At South Crofty, there are currently six working levels, the lowest of which is at 380 fathoms below datum. A sub-vertical shaft is projected from the 360 down to the 440 fathom level.

3.22 Pendarves has six working levels, the lowest of which is at 290 metres below datum. The deepening of the shaft to approximately 370 metres below datum is under consideration.

**3.30 Stopping**

3.31 Ore is extracted by the methods known as overhead and under-hand shrinkage stopping, except where circumstances permit the use of a long hole drilling method. Minimum stopping width is 1 metre.

3.32 A production of 242,000 tonnes run of mine ore per year is projected by 1981 from South Crofty. In the absence of a decision to deepen the shaft, a production of 39,000 tonnes run of mine ore per year is projected at Pendarves for the period during which 6 level is under development. In addition, tin bearing material is recovered from tailings end is fed back to the mill.

**3.40 Dilution and Mining Recovery**

3.41 Dilution due to overbreaking is estimated to be 20-25%.

3.42 Unmined pillars will give a mining recovery of approximately 88%.

**3.50 Underground Transport and Hoisting**

3.51 Ore at South Crofty is drawn from the stopes from chutes (or drawpoints) and hauled by locomotive driven mine cars to the ore/waste pass system, whence it gravitates to the 360 and 380 underground crusher levels.

3.52 Development ore is loaded in to cars and also transported to the crusher by the ore pass system. Where it cannot be stowed in old workings, waste is for the most part similarly transported and crushed.

3.53 The crushed material is raised in 6 tonne skips loaded from 6 tonne measuring pockets.

3.54 At Pendarves the ore is raised in a 5 tonne skip from 117m and 245m below collar level and crushed on the surface, whilst waste is hoisted in mine cars in the cage.

**3.60 Capital Projects**

3.61 Apart from improvement and replacement of plant and machinery, the major capital project is the projected sub-vertical shaft at South Crofty (paragraph 3.21 above), for which preparation is in hand and which should be completed within two years.

**3.70 Pumping**

3.71 Water enters the South Crofty workings at a rate of approximately 1,500 gallons per minute (gpm). At Pendarves this rate varies from about 500 to 1,100 gpm.

3.72 The pumping capacity at South Crofty is about 1,500 gpm and at Pendarves about 1,800 gpm.

**4.00 MILLING**

4.01 Broadly speaking the process scheme is gravity concentration of an orthorhombic type for tin ores, i.e. table concentration, with a primary heavy media separation treatment ahead of the tables to preconcentrate a major fraction of the ore and reject a low grade tailing in a large percentage of the total weight as possible.

4.02 For the year ended 31st March, 1977:—  
Millhead grade, averaged 0.97% Sn.  
Concentrate grades ran 55.21% Sn and 17.35% Sn for high and low grade concentrates respectively.

The mill recovered an average of 71.62% of the tin contained in the ore fed to the mill.

4.03 The mill comprises three discrete circuits which are considered to provide a high degree of security against stoppages due to excessive maintenance work or break-downs.

**5.00 SERVICES**

5.01 Electric power is supplied from the national grid by two separate points of supply. A stand-by generator is to be installed shortly to assist in the event of power outages.

5.02 An adequate compressed air supply is available, a new plant having been installed in 1974.

5.03 Process water is drawn from underground workings and nearby streams.

**6.00 MANAGEMENT ACCOUNTING**

6.01 At the beginning of each financial year, a detailed budget for the coming twelve month period is produced, showing projected production, costs, capital expenditure and cash flow.

6.02 Each month the Company prepares statistics comparing actual performances with budgeted figures, and a monthly financial statement also is prepared to analyse actual costs against budgeted costs.

**7.00 SMELTER CONTRACTS**

7.01 The greater part of the tin produced is currently sold as a high grade concentrate to Amalgamated Metal Corporation AG, Zug, Switzerland under a contract renegotiated annually.

7.02 Low grade concentrates are sold to Capper Pass & Son Limited under a contract which is subject to more frequent review.

Yours faithfully

MACKAY AND SCHNELLMANN LIMITED  
M. REYNOLDS  
Director

**5 Accountants' Report**

The following is a copy of a report from Turquand Berton Mayhew & Co., Chartered Accountants, the auditors of the Company and reporting accountants.

Lynon House  
7 Tavistock Square  
London WC1H 9LS

Southernhay House  
36 Southernhay East  
Exeter EX1 1LF

The Directors  
South Crofty, Limited

The Directors  
Joseph Sebag & Co.  
Gentlemen

29th September, 1977

1. We have examined the audited accounts of South Crofty, Limited ("the Company") and of its subsidiary Great Western Ores, Limited ("Great Western Ores") for the period relevant to this report: we have acted as auditors of the Company and Great Western Ores since 1st April, 1974.

2. Throughout the periods relevant to this report the Company has been a wholly owned subsidiary of Saint Piran Limited ("Saint Piran") and Great Western Ores has been a wholly owned subsidiary of the Company.

3. The information set out below is based on the audited accounts of the Company and Great Western Ores, hereinafter called "the Group", after making such adjustments as we consider appropriate. The accounts have been prepared under the historical cost convention, including the revaluation of certain fixed assets, and in accordance with the standards approved by the accounting bodies currently in force, with the exception that stocks of tin concentrate, as stated in 4 (c) below, are valued by reference to subsequent net sales proceeds. Whilst this method of valuing stocks is not in accordance with the relevant standard accounting practice, the directors are of the opinion that it is preferable to continue the previous practice having regard to the reasons given in 4 (c) below; we concur with this view. In our opinion the information given, under the accounting convention stated above, is a true and fair view of the profits and losses and source and application of funds of the Group for the five years and three months ended 31st March, 1977 and of the state of affairs of the Company at 31st March, 1977 and of the Group at 31st December, 1971 and 1972 and at 31st March for each of the years 1974 to 1977.

	Year ended 31.12.72	Year ended 31.3.74	Year ended 31.3.75	Year ended 31.3.76	Year ended 31.3.77
	£'000	£'000	£'000	£'000	£'000
Turnover	31,172	31,374	31,375	31,376	31,377
Cost of sales after charging/(crediting):					
Depreciation	253	435	334	468	696
Grants	(57)	(97)	(69)	(97)	(144)
Interest payable	48	48	57	57	57
	1,848	2,456	3,118	4,004	5,145
Profit/(loss) before taxation	(78)	383	131	131	1,538
Taxation	(41)	249	170	134	705
Profit/(loss) after taxation, before extraordinary items	(37)	256	213	217	830
Extraordinary items, less taxation	—	(31)	104	—	—
Profit/(loss) attributable to shareholders	(37)	225	317	57	830
Dividends	—	—	40	2	433
Retained profit/(loss)	(37)	225	277	95	397
Earnings/(loss) per share	(0.25p)	1.71p	1.42p	0.69p	5.53p

NOTES (a) The above profits and losses have been arrived at after making such adjustments as we considered appropriate. In particular:—

(i) Losses on forward sales contracts. In previous years the Group sold tin in the forward market and incurred net losses in so doing. This practice has been discontinued and the losses have been reversed in arriving at the figures reported above, as they no longer form part of the Group's normal trading activities. The net losses incurred are as follows:—

	Net losses	Tax thereon at 52%	Losses after tax
	£'000	£'000	£'000
1972	—	—	—
1973/74	415	216	199
1974/75	99	51	48
1975/76	—	—	—
1976/77	6	4	4

(ii) Management charges. Management charges made by another subsidiary of Saint Piran have been adjusted to the basis which has been agreed for the future, namely at £5,000 per year.

(iii) Depreciation of mining properties. In the audited accounts for the year ended 31st March, 1977 depreciation of mining properties was charged at 5% on the valuation at 31st March, 1976. The directors have decided that in future mining properties will be revalued at intervals of not more than two years and more frequently if circumstances warrant and that adjustments to the revaluation surplus will be transferred to and from reserves; meanwhile depreciation on mining properties, with the exception of short-term expenditure which is depreciated in full as incurred, will be charged at 5% on the original cost only. The figure for depreciation for the year ended 31st March, 1977 reported above has been reduced by £83,000 to reflect the policy to be adopted in future.

**4. ACCOUNTING POLICIES**

The following are the principal accounting policies adopted in arriving at the financial information set out in this report:—

**(a) Consolidation**

The Group accounts include the results and assets and liabilities of the Company throughout the periods relevant to this report and of Great Western Ores from 1st June, 1973, on which it commenced trading.

**(b) Fixed Assets**

**(i) Mining properties**

Mining properties of Great Western Ores and, until 31st March, 1975, mining properties of the Company are stated at less depreciation. Mining properties of the Company at 31st March 1976 and 31st March, 1977 are stated at amounts based on valuations made by Mackay and Schnellmann Limited (see Note 3 above). The surpluses arising as a result of the valuations made by Mackay and Schnellmann Limited have been transferred to reserves.

With the exception of short-term expenditure, mining work has been depreciated at 5% per annum, on cost. Short-term expenditure, which includes non-productive development and exploration costs, is depreciated in full as incurred.

**(ii) Other fixed assets**

Other fixed assets are depreciated at appropriate rates on a straight-line basis to write off the cost over their expected lives.

**(iii) Deferred revenue expenditure**

Deferred revenue expenditure of Great Western Ores, the running costs of mine working before it became profitable was written off over three years from 1st July, 1973.

**(iv) Investment and regional development grants**

Investment and regional development grants received in respect of the investment and regional development account, transfers from this account to the profit and loss account are made at the same rate as the relevant assets are depreciated.

**(c) Stocks**

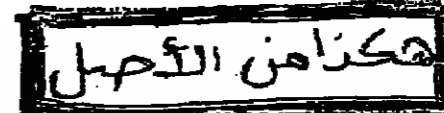
Stocks of tin concentrate are valued by reference to subsequent net sales proceeds at each year's output is sold to smelters. The difference between the cost value and net sales proceeds of stocks at the year end is normally included in relation to the profits of the year and net assets, but at 31st March, 1977 the use of a cost basis of valuation would have had a greater significance because of the high volume of stock at that date. This does not constitute sufficient grounds in the opinion of the directors, to make a change to accounting policy to value stock at cost in accordance with Statement of Accounting Practice No. 9.

**(d) Deferred taxation**

The amount set aside for deferred taxation represents estimated taxation charges deferred by capital allowances on assets other than mining properties, and by allowances for losses in stock values less revenue corporation tax.

Mining properties are fundamental to the continuation of the Group; therefore no provision has been made for any tax which might arise if the mining properties were sold at a profit at which they are stated in the accounts since, in the opinion of the directors, this is unlikely to arise in the foreseeable future. Amounts set aside in the accounts for the periods ended 31st March, 1976 and 31st March, 1977 for deferred taxation on mining properties, including taxation relating to the valuation of the accounts for the year ended 31st March, 1976, have been written back.

	Year ended 31.12.72	Year ended 31.3.74	Year ended 31.3.75	Year ended 31.3.76	Year ended 31.3.77
	£'000	£'000	£'000	£'000	£'000
Turnover	31,172	31,374	31,375	31,376	31,377
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Earnings/(loss) per share	(0.25p)	1.71p	1.42p	0.69p	5.53p



STATEMENTS CONTINUED

Table with 5 columns: 31.12.72, 31.3.74, 31.3.75, 31.3.76, 31.3.77. Rows include Revenue profit/loss, Depreciation, and other financial metrics.

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Table with 5 columns: 31.12.72, 31.3.74, 31.3.75, 31.3.76, 31.3.77. Rows include Fixed assets of the Company at valuation, Fixed assets of Great Western Ores, and Mining operations.

Table with 5 columns: Year ended 31.12.72, 15 months ended 31.3.74, Year ended 31.3.75, Year ended 31.3.76, Year ended 31.3.77. Rows include Off-funds, Working Capital, and Changes in Share Capital and Reserves.

Table with 5 columns: Year ended 31.12.72, 15 months ended 31.3.74, Year ended 31.3.75, Year ended 31.3.76, Year ended 31.3.77. Rows include Off-funds, Working Capital, and Changes in Share Capital and Reserves.

STATEMENTS CONTINUED (continued) - Further financial details and notes.

(v) any contract or arrangement in which he is interested by virtue of his interest in or through the Company or by reason of any other interest in or through the Company.

(vi) any contract or arrangement concerning any other company (not being a company in which the director owns 1% or more of any class of the equity share capital or of the voting rights available to members of the Company, in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever).

(vii) any arrangement for the benefit of employees of the Company or of any of its subsidiaries, under which the director benefits in a special manner as an employee.

(viii) any arrangement in which a director holds 1% or more of any class of the equity share capital or of the voting rights available to members of the Company is materially interested in a transaction then that director shall also be deemed to be materially interested in such transaction.

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Lynton House, 7 Tavistock Square, London WC1H 9LS. Southernhay House, 36 Southernhay East, Exeter EX1 1LF. 25th September, 1977.

The Directors, South Croft, Limited. The Directors, Joseph Sebag & Co., Gentlemen. We have reviewed the accounts and calculations of the profit forecast of South Croft, Limited and its subsidiary (for which the directors are jointly responsible) for the year ending 31st March, 1978 contained in the Offer for Sale document to be dated 29th September, 1977.

In our opinion the forecast, so far as the accounting bases and calculations are concerned, has been properly compiled on the basis of the assumptions made by the directors as set out in the Offer for Sale document to be dated 29th September, 1977.

We have also considered the letter addressed to yourselves from Turquand Barton Mayhew & Co., concerning the accounting bases and calculations for the profit forecast.

On the basis used by you and relying on the accounting bases reviewed by Turquand Barton Mayhew & Co., we have formed the opinion that the forecast of consolidated profits for the year ending 31st March, 1978 (for which you are jointly responsible) has been made after due and careful enquiry.

We are not to be taken to have given any guarantee or warranty as to the accuracy of the forecast or as to the truth of the statements of the directors or as to the truth of the statements of the directors or as to the truth of the statements of the directors.

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8 Application Form. THE APPLICATION LIST WILL OPEN AT 10 A.M. ON WEDNESDAY, 5TH OCTOBER, 1977 AND MAY BE CLOSED AT ANY TIME THEREAFTER ON THE SAME DAY. South Croft, Limited Offer for Sale of 5,250,000 ordinary shares of 10p each at 50p per share payable in full on application. FORM OF APPLICATION.

WALL STREET OVERSAS MARKETS FOREIGN EXCHANGES

Brighter economic outlook: up 5 Dollar weak

BY OUR WALL STREET CORRESPONDENT

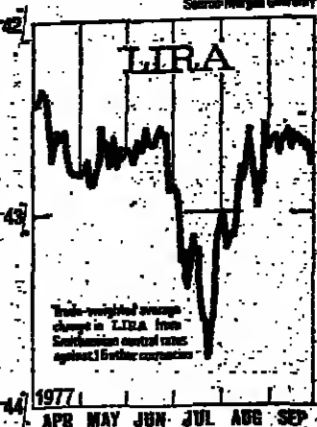
NEW YORK, Sept. 29

HIGHER LEVELS developed over a broad front in more active trading on Wall Street today, which revealed that the Basic following a brightened U.S. Money Supply fell \$1.1bn, while economic outlook.

The Toronto Composite Index put on 4.8 to 959.9, while the Metals and Minerals Index rose 4.4 to 889.9. Oil and Gas advanced 15.5 to 1220.8 and Utilities firmed 0.86 to 181.82. But Golds dipped 19.9 to 1183. Banks eased 0.82 to 225.01 and Papers shed 0.73 to 91.93.

Bonds firmed on moderate demand. SPAIN—Market quiet but tone continued weak. Electricals maintained Wednesday's slight improvement.

The U.S. dollar was very weak in the foreign exchange market yesterday, reflecting fears about the size of the U.S. trade deficit, and the statement by the U.S. Treasury Secretary that there was little chance of a reduction in the deficit next year.



THURSDAY'S ACTIVE STOCKS

Table listing active stocks with columns for stock name, price, and change. Includes titles like 'Ford', 'General Motors', 'IBM'.

PARIS—Market fell back on profit-taking after early gains. Construction, Investments and Foods were firmer, but Metals, Electricals, Banks and Oils all lost some ground.

AMSTERDAM—Market fell to a new low for the year but Dutch Internationals were more resistant to the general trend and unchanged on balance.

FRANKFURT—Mixed as Wednesday's firmer trend was followed by a drop in demand. Most leading shares fell up to DM1.50 although Bayer gained.

OSLO—Shippings and Industrials were slightly easier while Bankings and Insurances were quiet.

Several European central banks gave support to the dollar, including the Swiss National Bank, as the Swiss franc moved nearer parity with the German mark.

Intervention by the Bank of England to prevent sterling rising too sharply against a very weak dollar, had the effect of pushing down the pound's trade-weighted index on the basis of the Washington Agreement.

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There was also a good demand for sterling in the forward market, and it is probable that the pound will be supported.

Indices

Table of indices including 'NEW YORK - DOW JONES', 'STANDARD AND POORS', and 'OVERSEAS SHARE INFORMATION'.

N.Y.S.E. ALL COMMON

Table of N.Y.S.E. All Common stock prices and changes.

MONTEAL

Table of Montreal stock prices and changes.

EXCHANGE CROSS-RATES

Table of exchange cross-rates for various currencies including British Pound, Swiss Franc, and others.

OVERSEAS SHARE INFORMATION

Large table of overseas share information with columns for stock name, price, and change.

CANADA

Table of Canadian stock prices and changes.

AMSTERDAM

Table of Amsterdam stock prices and changes.

TOKYO

Table of Tokyo stock prices and changes.

GOLD MARKET

Table of gold market prices and changes.

FORWARD RATES

Table of forward rates for various currencies.

FOREIGN EXCHANGES

Table of foreign exchange rates for various currencies.

EURO-CURRENCY INTEREST RATES

Table of Euro-currency interest rates.

GERMANY

Table of German stock prices and changes.

BRUSSELS/LUXEMBOURG

Table of Brussels/Luxembourg stock prices and changes.

PARIS

Table of Paris stock prices and changes.

STOCKHOLM

Table of Stockholm stock prices and changes.

MILAN

Table of Milan stock prices and changes.

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SED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of SED Unit Trusts listing various funds such as Guardian Royal Ex. Unit Mgrs. Ltd., Henderson Administration, and others with their respective details and prices.

Table of Offshore and Overseas Funds listing various international investment funds such as Fidelity Mgmt. & Res. (Edm.) Ltd., Kemp-See Management Jersey Ltd., and others.

BASE LENDING RATES

Table of Base Lending Rates for various banks and financial institutions, including Bank, Irish Banks Ltd., and others.

COMMODITY PRICE MOVEMENTS

Table of Commodity Price Movements showing price changes for various goods like wheat, sugar, and other commodities.

INSURANCE, PROPERTY, BONDS

Large table listing various insurance, property, and bond services and products offered by different companies.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-253 1101
Index Guide as at 27th September, 1977 (Base 100)
Clive Fixed Interest Capital 130.23
Clive Fixed Interest Income 122.89

INSURANCE BASE RATES
Property Growth 49%
Cannon Assurance 31%
Address sheet under Insurance and Property Bonds Table

**HEALEY & BAKER**  
 SURVEYORS VALUERS AND AUCTIONEERS OF REAL ESTATE  
 Established 1820 in London  
 29 St. George Street, Hanover Square, London W1A 3BG  
 CITY OF LONDON 118 OLD BROAD STREET LONDON EC2M 4AR

# FT SHARE INFORMATION SERVICE

## AMERICANS—Continued

High	Low	Stock	Price	Chg	Div	Yield	Vol
31.1	29.1	Tennessee Inc	29.1	-	2.00	6.8	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## BRITISH FUNDS

**Starts (Lives up to Five Years)**

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## Five to Fifteen Years

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## Over Fifteen Years

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## Unlisted

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## INTERNATIONAL BANK

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## CORPORATION LOANS

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## COMMONWEALTH & AFRICAN LOANS

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## LOANS (Miscel)

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## FOREIGN BONDS & RAIS

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## AMERICANS

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## BUILDING INDUSTRY—Cont.

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## DRAPERY AND STORES—Cont.

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## ELECTRICAL AND RADIO

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## CHEMICALS, PLASTICS

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## CINEMAS, THEATRES AND TV

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

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10.1	9.8	Trans World	9.8	-	0.10	1.0	100

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10.1	9.8	Trans World	9.8	-	0.10	1.0	100

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10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## ENGINEERING—Continued

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## ENGINEERING—Continued

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
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## ENGINEERING—Continued

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

## INDUSTRIALS (Miscel)

High	Low	Stock	Price	Chg	Div	Yield	Vol
10.1	9.8	Trans World	9.8	-	0.10	1.0	100
10.1	9.8	Trans World	9.8	-	0.10	1.0	100

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URANCE-Continued

PROPERTY-Continued

TRUSTS-Continued

TRUSTS-Continued

Table with columns: Stock, Price, % Chg, Div, Yield, etc. Includes entries like Anglo-Am, Anglo-Persian, etc.

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ORS, AIRCRAFT TRADES

Table listing various aircraft and related trades with prices and changes.

Commercial Vehicles

Table listing commercial vehicles with prices and changes.

Components

Table listing various components with prices and changes.

SHIPBUILDERS, REPAIRERS

Table listing shipbuilders and repairers with prices and changes.

SHIPPING

Table listing shipping companies and services with prices and changes.

SHOES AND LEATHER

Table listing shoe and leather goods with prices and changes.

SOUTH AFRICANS

Table listing South African stocks with prices and changes.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies with prices and changes.

PAPER, PRINTING ADVERTISING

Table listing paper, printing, and advertising companies with prices and changes.

TEXTILES

Table listing textile companies with prices and changes.

PROPERTY

Table listing property listings with prices and changes.

TOBACCO

Table listing tobacco companies with prices and changes.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies with prices and changes.

INSURANCE

Table listing insurance companies with prices and changes.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies with prices and changes.

OILS

Table listing oil companies with prices and changes.

OVERSEAS TRADERS

Table listing overseas trading companies with prices and changes.

RUBBERS AND SISALS

Table listing rubber and sisal companies with prices and changes.

TEAS

Table listing tea companies with prices and changes.

INDIA AND BANGLADESH

Table listing Indian and Bangladeshi stocks with prices and changes.

SRI LANKA

Table listing Sri Lankan stocks with prices and changes.

AFRICA

Table listing African stocks with prices and changes.

MINES

Table listing mining companies with prices and changes.

CENTRAL RAND

Table listing Central Rand mining companies with prices and changes.

EASTERN RAND

Table listing Eastern Rand mining companies with prices and changes.

FAR WEST RAND

Table listing Far West Rand mining companies with prices and changes.

O.F.S.

Table listing O.F.S. companies with prices and changes.

MINES-Continued

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AUSTRALIAN

Table listing Australian stocks with prices and changes.

TINS

Table listing tin companies with prices and changes.

COPPER

Table listing copper companies with prices and changes.

MISCELLANEOUS

Table listing miscellaneous stocks with prices and changes.

NOTES

Notes section containing various financial notices and announcements.

TEAS

Table listing tea companies with prices and changes.

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NOMURA The Nomura Securities Co., Ltd. advertisement with logo and contact information.

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DIAMOND AND PLATINUM

Table listing diamond and platinum companies with prices and changes.

A selection of options traded in the London Stock Exchange Report page

OPTIONS

Table listing various options with prices and changes.

3-month Call rates

Table listing 3-month call rates for various companies.

INDUSTRIALS

Table listing industrial companies with prices and changes.

PROPERTY

Table listing property listings with prices and changes.

TRUSTS

Table listing trust companies with prices and changes.

FINANCE

Table listing finance companies with prices and changes.

DIAMOND AND PLATINUM

Table listing diamond and platinum companies with prices and changes.

A selection of options traded in the London Stock Exchange Report page

Top quality ventilation Vent-Axial the fug fighter

U.S. economic index rise a 'healthy' 0.8%

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Sept. 29. THE U.S. index of leading summer lull and moving in the economic indicators rose by a...

Another £50m. for Leyland

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITISH LEYLAND received a further £50m. tranche of long-term finance from the National Enterprise Board yesterday...

Lonrho jumps the Fraser

The first point to make about Lonrho's purchase of 19.4 per cent. of House of Fraser from Carter Hawley Hale...

BICC in agreed £18.8m. bid for Dorman Smith

BRITISH INSULATED CABLES is about to take over Dorman Smith Holdings for an agreed £18.8m. to further step to diversify from its...

Benefit overpaid 'by only £10m.'

FAR FROM running out of control, Social Security overpayments, including those extracted by fraud, reached only £10.8m. in 1975-76...

ICI manual workers agree to honour 12 month rule

THE TUC's contribution to wage restraint was given extra credit last night when unions representing 55,000 Imperial Chemical Industries' manual workers agreed to honour the 12-month rule...

Funeral workers plan to strike from Monday

BRITAIN'S FIRST all-out official strike by funeral workers is planned to start in London on Monday...

Weather section containing U.K. TO-DAY, BUSINESS CENTRES, and HOLIDAY RESORTS with various weather forecasts and temperature data.

Wimpey

At the end of 1975, Wimpey had £50m. of cash and £41m. of debt. By last Christmas it had moved from being a net lender to a £52m. borrower...

South Crofty

It must be a matter of time before the oil and gas fields in the North Sea are being developed...

Ready Mixed

Ready Mixed Concrete's interim pre-tax profits are a fifth higher at £12.0m. but it is clear that the recent rate of recovery is falling off sharply...

In Aycliffe, Co. Durham, a million pound factory is same as anywhere else - a million pounds.

But, by building your factory in Aycliffe, you could get maximum Development Area help. And that million-pound cost you as little as £375,680, with the balance - over 60% of the paid for from Government sources...

Large advertisement for Aycliffe factory development area, featuring the headline 'Why does a million-pound plant in Aycliffe cost only £375,680?' and details about government grants.

U.S. warns Japan

Progress may decide to take the matter into its own hands. Later Mr. Mitsuoka said that the Japanese vice-minister for International Affairs in the Finance Ministry insisted that Japan had never made any 'promise' about its trade...

Insider dealings

This question has been vexing employers and unions alike. In practice Ministers appear to be insisting that every settlement must produce no more than a 10 per cent. earnings increase for the group of workers involved...

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